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REPORT

ROYAL COMMISSION ON NEWFOUNDLAND FINANCES

*Under the Terms of
Union of Newfoundland
with Canada*



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REPORT
ROYAL COMMISSION ON
NEWFOUNDLAND FINANCES

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R E P O R T

ROYAL COMMISSION ON NEWFOUNDLAND FINANCES

*Under the Terms of
Union of Newfoundland
with Canada*

MAY 31, 1958

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1958

Order in Council

P.C. 1957-257

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 21st February, 1957.

The Committee of the Privy Council have had before them a report from the Prime Minister recalling that Section 29 of The Terms of Union of Newfoundland with Canada provides that:

"In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a Royal Commission within eight years from the date of Union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island."

The Committee, therefore, on the recommendation of the Prime Minister, advise that

The Honourable John Babbitt McNair,
The Chief Justice of New Brunswick,
Fredericton, N.B.,

The Honourable Sir Albert Joseph Walsh,
Chief Justice of the Supreme Court of Newfoundland,
St. John's, Newfoundland, and

Mr. John James Deutsch,
Vancouver, B.C.

be appointed Commissioners under Part I of the Inquiries Act (Chapter 154 of The Revised Statutes of Canada) to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island.

The Committee further advise that:

(1) the Commissioners be authorized to exercise all the powers set out in Section 11 of the Inquiries Act;

(2) the Commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the Inquiry, and sit at such times and at such places in Canada as they may decide;

(3) the Commissioners be empowered to engage such counsel, staff and expert assistance as may be required, notwithstanding the provisions of the Government Contracts Regulations, for the proper conduct of their Inquiry, to determine the rates of expenses to be paid to persons so engaged and to make regulations governing conditions of employment which will be applied to their staff;

(4) the Commissioners be granted travelling expenses and living allowances in such amounts as may be approved by the Treasury Board while absent from their places of residence and engaged in the conduct of the Inquiry;

(5) all government departments be directed to afford to the Commissioners such assistance and co-operation as may be required in the Inquiry;

(6) the Commissioners submit their report to the Governor in Council; and

(7) the Honourable John Babbitt McNair be Chairman of the Commission, and Mr. A. S. Abell of Ottawa, be Secretary.

R. B. BRYCE,
Clerk of the Privy Council.

Commission of Appointment

GREAT SEAL

OF

CANADA

(Sgd.) "Vincent Massey"
CANADA

(Sgd.) "F. P. Varcoe"
DEPUTY ATTORNEY GENERAL
CANADA

ELIZABETH THE SECOND, by the Grace of
God of the United Kingdom, Canada and Her other
Realms and Territories QUEEN, Head of the
Commonwealth, Defender of the Faith.

TO ALL TO WHOM these Presents shall come or whom the same may
in anywise concern,

GREETING:

WHEREAS pursuant to the provisions of Part I of the Inquiries Act, Chapter 154 of the Revised Statutes of Canada, 1952, His Excellency the Governor General in Council, by Order P.C. 1957-257, of the Twenty-first day of February, in the year of Our Lord one thousand nine hundred and fifty-seven, a copy of which is hereto annexed, has authorized the appointment of Our Commissioners therein and hereinafter named to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island.

NOW KNOW YE that by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint the Honourable John Babbitt McNair, Chief Justice of New Brunswick, the Honourable Sir Albert Joseph Walsh, Chief Justice of the Supreme Court of Newfoundland, and John James Deutsch, Esquire, of the City of Vancouver, in the Province of British Columbia, to be Our Commissioners to conduct such inquiry.

TO HAVE, hold, exercise and enjoy the said office, place and trust unto the said John Babbitt McNair, Albert Joseph Walsh and John James Deutsch, together with the rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining, during Our pleasure.

AND WE DO hereby authorize Our said Commissioners to have, exercise and enjoy all the powers conferred upon them by the Inquiries Act, and the powers and authorities mentioned and described in the eleventh section of the said Act.

AND WE DO hereby authorize Our said Commissioners to adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and to sit at such times and at such places in Canada as they may decide from time to time.

AND WE DO hereby require all Departments of the Government of Canada to furnish such assistance and co-operation as may be required by the Commission.

AND WE DO hereby require and direct Our said Commissioners to report their findings to Our Governor in Council.

AND WE FURTHER appoint the said John Babbitt McNair to be Chairman of Our said Commissioners.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS:

Our Right Trusty and Well-beloved Counsellor, Vincent Massey, Member of Our Order of the Companions of Honour, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this Twenty-first day of February in the year of Our Lord One thousand nine hundred and fifty-seven and in the Sixth year of Our Reign.

BY COMMAND,

(Sgd.) "C. Stein"

UNDER SECRETARY OF STATE

CONTENTS

| | PAGE |
|---|------|
| ORDER IN COUNCIL..... | iv |
| COMMISSION OF APPOINTMENT..... | vi |
| LETTER OF TRANSMITTAL..... | xi |
| INTRODUCTION..... | 1 |
| CHAPTER I—The Economic Background..... | 3 |
| CHAPTER II—Review of the Financial Position of the Province..... | 10 |
| CHAPTER III—The Levels and Standards of Public Services in Newfoundland..... | 19 |
| CHAPTER IV—The Burden of Taxation..... | 28 |
| CHAPTER V—Findings and Recommendations..... | 38 |
| APPENDIX I—Provincial and Municipal Expenditure and the Levels and Standards of Public Service in Newfoundland | |
| Basic Data and Methods of Calculation..... | 45 |
| Table 1—Newfoundland Provincial Net Ordinary Expenditure..... | 49 |
| Table 2—Newfoundland Municipal Net Ordinary Expenditure..... | 50 |
| Table 3—Newfoundland Combined Provincial and Municipal Net Ordinary Expenditure..... | 51 |
| Table 4—Newfoundland—The Levels and Standards of Public Services, as indicated by Provincial Ordinary Expenditure in constant (1956) Dollars..... | 52 |
| Table 5—Newfoundland—The Levels and Standards of Public Services, as indicated by Municipal Ordinary Expenditure in constant (1956) Dollars..... | 53 |
| Table 6—Newfoundland—Provincial Capital Expenditure, in current and constant (1956) Dollars..... | 54 |
| Table 7—Newfoundland—The Levels and Standards of Public Services, as indicated by the Flow of Service from Provincial Capital in constant (1956) Dollars..... | 55 |
| Table 8—Newfoundland—Municipal Capital Expenditure, in current and constant (1956) Dollars..... | 56 |
| Table 9—Newfoundland—The Levels and Standards of Public Services, as indicated by the Flow of Service from Municipal Capital in constant (1956) Dollars..... | 57 |
| Table 10—Newfoundland—The Levels and Standards of Public Services, Province and Municipalities Combined..... | 58 |
| APPENDIX II—Provincial and Municipal Revenue in Newfoundland, New Brunswick, Nova Scotia and Prince Edward Island | |
| Table 11—Newfoundland Provincial Net Revenue..... | 63 |
| Table 12—Newfoundland Municipal Net Revenue..... | 64 |
| Table 13—Newfoundland Combined Provincial and Municipal Net Revenue..... | 65 |
| Table 14—New Brunswick Provincial Net Revenue..... | 66 |
| Table 15—New Brunswick Municipal Net Revenue..... | 67 |
| Table 16—New Brunswick Combined Provincial and Municipal Net Revenue..... | 68 |

| | PAGE |
|--|------|
| Table 17—Nova Scotia Provincial Net Revenue..... | 69 |
| Table 18—Nova Scotia Municipal Net Revenue..... | 70 |
| Table 19—Nova Scotia Combined Provincial and Municipal Net Revenue..... | 71 |
| Table 20—Prince Edward Island Provincial Net Revenue..... | 72 |
| Table 21—Prince Edward Island Municipal Net Revenue..... | 73 |
| Table 22—Prince Edward Island Combined Provincial and Municipal Net Revenue..... | 74 |
| Table 23—Newfoundland and the Maritime Provinces of Prince Edward Island, Nova Scotia and New Brunswick Combined Provincial and Municipal Net Revenue Per Capita..... | 75 |
| Table 24—Newfoundland and the Maritime Provinces of Prince Edward Island, Nova Scotia and New Brunswick Combined Provincial and Municipal Net Revenue per thousand dollars of personal income..... | 78 |
| APPENDIX III—Estimated Yield of Newfoundland Taxes at Maritime Rates, 1956... | 82 |
| APPENDIX IV—Miscellaneous Statistical Information | |
| Table 25—Population and Personal Income, Canada, Newfoundland and the Maritime Provinces..... | 90 |
| Table 26—Population by Age Groups, Newfoundland and the Maritime Provinces..... | 90 |
| Table 27—Price Indices and Capital Assets..... | 91 |
| Table 28—Newfoundland Income Distribution..... | 91 |
| APPENDIX V—Newfoundland Financial Statements prepared by Mr. James C. Thompson | |
| Statement 1—Financial Surplus Account..... | 95 |
| Statement 2—Net Funded, Unfunded and Guaranteed Debt..... | 96 |
| Statement 3—Analysis of Increase or Decrease (—) in Guarantees..... | 97 |
| Statement 4—Summary of Overall Financial Requirements..... | 101 |
| Statement 5—Net Revenue by Sources..... | 102 |
| Statement 6—Net Expenditure by Services..... | 104 |
| Statement 7—Capital Expenditure..... | 108 |
| Statement 8—Capital Expenditure Reclassified as Current..... | 110 |
| Statement 9—Loans and Advances..... | 111 |
| Statement 10—Loans and Advances—pre-Union..... | 114 |
| Statement 11—Sinking Funds..... | 115 |
| Statement 12—Pro Forma Balance Sheet..... | 116 |
| APPENDIX VI—List of Public Hearings, Briefs and Exhibits..... | 118 |

TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL

May it please Your Excellency,

The Letters Patent bearing date the 21st day of February 1957, issued under the Great Seal of Canada, appointed us Commissioners "to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island."

We now beg leave to submit to Your Excellency the following Report.

Introduction

The inquiry authorized by Order in Council P.C. 1957-257 of February 21st, 1957, and which we the Commissioners were directed to conduct, resulted from certain provisions of the Agreement of December 11th, 1948 known as "The Terms of Union of Newfoundland with Canada" which, on receiving statutory confirmation by the Imperial Parliament validating the constitutional changes involved, resulted on April 1st, 1949 in the incorporation of Newfoundland, as a tenth province, into the federal union known as Canada.

The provisions of the Agreement of primary concern to us, and which have determined the scope of our reference, are contained in Term 29 which is part of the financial arrangements under which Newfoundland became a province of Canada. Among other things, it provided for the appointment by the Government of Canada, within eight years after the date of Union, of a Royal Commission to review the financial position of the Province and to recommend the form and scale of any additional financial assistance the Government of the Province might require to enable it to continue public services at the levels and standards reached subsequent to the date of Union without resorting to taxation more burdensome, having regard to the capacity to pay, than that obtaining generally in the Provinces of Nova Scotia, New Brunswick and Prince Edward Island.

We met, in private session, in the City of Ottawa on April 23rd and 24th, 1957 to consider the scope of the reference and the methods and procedures that might advantageously be followed in the prosecution of our studies. As the questions submitted for determination involved the Governments of Canada and Newfoundland, it was decided they should be invited to make formal submissions, to which proposal they readily agreed. It was known that, in anticipation of this inquiry, the Government of Newfoundland had, some time previously, appointed a Royal Commission to prepare a case for the Province to be submitted to us and that the report of the Newfoundland Commission would shortly be completed. Recognizing that such report would be the result of extensive expert studies and would doubtless contain much basic factual information which might prove acceptable to all concerned, we further decided that the inquiry might be facilitated by having the Government of Newfoundland first make its submission, a course to which both Governments readily acceded.

After some delays consequent upon the intervention of a federal general election the Commission on July 22nd opened public hearings at the City of St. John's at which the submissions of the Province were received. On August 2nd the hearings were adjourned to the City of Ottawa where on October 7th and 8th the Government of Canada was heard and the public

Royal Commission on Newfoundland Finances

hearings concluded. Subsequently, in continuance of our studies, we met in private session at Ottawa in the months of January, March and May, 1958.

It is with a sense of deep appreciation that we acknowledge the cooperation received from the Governments of Canada and Newfoundland and the assistance given throughout by them and their representatives. The many acts of courtesy on the part of counsel, advisers and all others engaged in the inquiry have made our work both pleasant and memorable.

We are grateful to the officials of the federal departments of government, the Dominion Bureau of Statistics and the Queen's Printer, all of whom were painstaking in their efforts to be of assistance; to the various departments of the Provincial Government and their officials who spared no efforts to make available any information required by the Commission; and to members of the Newfoundland Royal Commission who joined in the presentation made on behalf of the Province; and to the Newfoundland Board of Trade which made a separate submission to us. We are particularly indebted to Mr. James C. Thompson, financial adviser to the Government of Newfoundland, for his full and painstaking analysis of the finances of the Province which we found of inestimable value in our studies.

We would also express to the Premiers and other members of the Governments of Nova Scotia, New Brunswick and Prince Edward Island appreciation for the many courtesies extended and assistance rendered by them and the officials of their various departments whereby much valuable information essential to the comparative studies our work entailed was made available.

We wish to acknowledge the efficiency of the work of the reporting staff and to commend our secretariat, all members of which were diligent and painstaking in the performance of the tasks assigned to them. Special mention is due Mr. Abell, the Commission Secretary, who in addition to his other administrative responsibilities, played in our investigations a major role in research, statistical studies and the marshalling and analysis of data. He carried out his important duties with marked zeal and ability and assisted the Commission greatly in its task.

CHAPTER I

The Economic Background

The new provincial government of Newfoundland which was established on April 1, 1949, was confronted from the outset by formidable and long-standing economic problems. Union with Canada had taken place against a background of rapid and far-reaching changes in the economic circumstances of the people of Newfoundland. The impact of the Great Depression of the nineteen-thirties had been particularly severe. It had struck a crippling blow to the public finances of the old self-governing Dominion. The developments of World War II brought economic recovery and rising prosperity which carried on into the immediate post-war years. The public finances were restored sufficiently to make possible a continued effort to improve public services and to build up as well a substantial budgetary surplus. However, by 1949 the war-engendered prosperity had begun to wane. Fundamental economic weaknesses and uncertainties were becoming apparent once more.

The transition to a Canadian province was accompanied by rising unemployment and falling incomes. The forces of history and the circumstances of the time had culminated in a union which embraced the most striking disparities in the story of Canadian nationhood. In 1949 the average personal income of the people of Newfoundland was less than one-half that of Canada and was one-third smaller than that of the Maritime Provinces. On the basis of real incomes these differences were even greater. The economy of Newfoundland was more highly dependent upon external markets than any Canadian region. It was one of the most economically exposed and least self-sufficient areas in the world. The economy was based almost wholly on three primary industries: fishing, forestry and mining whose entire commercial output had to be sold abroad. Less than one-third of one percent of the area of the Island was occupied by farms and only about one-tenth of the requirements of agricultural produce was locally produced. Secondary manufacturing industries provided jobs for no more than three or four percent of the gainfully employed.

The principal economic and social features of the Island had been determined very largely by the historical circumstances which had affected the development of a single industry—the fisheries. This industry which for hundreds of years had been almost the sole basis of economic activity had brought into the twentieth century a singular heritage of problems and difficulties. The majority of the population was scattered among small isolated settlements along 6,000 miles of coastline. Only rarely did the industry afford an ample means of livelihood. The main product,

Royal Commission on Newfoundland Finances

salt cod, had to be exported to low-income markets. The main group of fishermen were engaged in a type of fishery for which the season was always short and not infrequently uncertain. Consequently the history of the industry had been, with few exceptions, a long history of low productivity, under-employment and poverty. At the date of Union the salt cod fishery had been in decline for more than a quarter of a century. The industry had not been able to keep abreast of modern technology and had fallen behind its chief foreign competitors. These disabilities were greatly aggravated by post-war exchange problems which were particularly severe in the Southern European area, where Newfoundland had long found its principal outlet. However, by 1949 the fishery, where one out of every four of the working force sought to obtain a livelihood, remained the largest single industry from the standpoint of gainful employment.

For some decades the chief preoccupation of government policy in Newfoundland had been to develop alternatives to the inadequate and declining opportunities in the fishery. To this end governments had committed their credit and much of their revenues. Considerable progress was achieved in the exploitation of forest and mineral resources during the nineteen-twenties and forties, but these developments had never been sufficient to relieve entirely the chronic under-employment and low productivity of the Island's principal industry. The need to find a solution to this basic problem remained the foremost and most urgent task of government when Newfoundland became a province of Canada.

The financial terms of Union had provided considerable scope for a new start. The new provincial government came into existence virtually free of debt and with \$40 million in its treasury. These substantial resources were available for the improvement of public services and the promotion of economic development. However, these tasks had to be assumed under a number of serious handicaps. Unlike the rest of Canada, Newfoundland had not received the benefits of over eighty years of aggressive federal policies designed to assist economic development and to foster economic expansion. Newfoundland had been outside the great national structure of transportation facilities, highly-developed government services, and extensive regional and industrial supports. Newfoundland was without a modern system of transportation. In the greater part of the populated area there were no roads whatever and in the remainder only a few miles were up to modern standards. The natural resources were largely unsurveyed and unexplored. Very few intensive investigations had been carried out. Little or no research had been applied to problems of utilization and marketing, even in the fisheries.

Economic Background

"Newfoundland has had a long history of poverty; and this poverty meant the neglect of the public services."* The deficiency in the public services was strongly evident in the lack of social capital and in the limited development of the social services. Aside from St. John's and a few other centres the Province was without municipal organizations or municipal facilities. In this respect Newfoundland was at about the same stage as the Maritime Provinces were in 1867. The proportion of homes equipped with water and sewer services was only about one-third of the Canadian ratio. The death and disease rates were considerably higher than those in any other Canadian province, which indicated, among other things, a serious deficiency in health services. The physical facilities for education were generally inadequate.

In these circumstances the task of promoting economic development was costly, difficult and slow. The modernization of the fisheries required the concentration of many of the scattered settlements into larger and fewer centres. The implementation of such a programme depended upon a) the provision of transportation facilities, b) the availability of capital for the improvement of fishing methods, for processing plants, for housing, and for community facilities, and c) the availability of entrepreneurial and administrative skills. These prerequisites were inadequate or entirely lacking. The diversification of economic activity and the expansion of private enterprise in the development of natural resources were hampered by a paucity of information and by the high overhead costs which had to be assumed because of the absence of basic facilities and government services.

The need to improve social services and health and educational facilities laid a heavy claim upon the provincial revenues. This claim was always in conflict with the need to achieve economic betterment. Under these conditions the Provincial Government sought out and resorted to short cuts. A considerable attempt was made to achieve a quick increase in employment opportunities through the establishment of secondary manufacturing industries with the aid of provincial loans and credits. Financial assistance was also given for the construction of a number of plants to process local natural resources. Substantial credits were made available to achieve a rapid increase in fish-processing facilities. To a considerable extent these direct financial commitments were undertaken at the expense of greater progress in the provision of basic facilities and services. Apparently, in the face of immediate employment problems, it was thought that there was no time to wait for longer-run but more lasting results. In the event, these measures have met with a mixed and sometimes transitory success.

* Submission of the Government of the Province of Newfoundland to the Royal Commission on Canada's Economic Prospects, 1955, p.119.

Royal Commission on Newfoundland Finances

In the field of natural resource development an attempt was made to find a method which would be effective quickly in overcoming the handicaps on private initiative resulting from high overheads and lack of information. This attempt, which had many precedents in the past, took the form of special large-scale concessionary arrangements with private groups. These arrangements were undertaken in the hope that they would yield new and important employment opportunities and obviate the immediate necessity for heavy government expenditures. Here the search for early results entailed on the one hand undertakings for the speedy exploration and investigation of natural resources and on the other concessions which discounted the future possibilities of provincial revenue. Exploratory activity was stimulated and some preliminary work done, but substantial achievements are still awaited.

The problems inherited from the past and the practical limitations on provincial government policy placed many serious obstacles in the way of a rapid rate of economic progress. Nevertheless, during the period 1949-56 the economy of Newfoundland accomplished some significant adjustments and provided a rising standard of life. In particular, the initial adjustments which were necessary to fit the island economy into the continental framework of the Canadian Confederation were made more easily than might have been expected. Over the seven years the rate of increase in the population was one of the largest in Newfoundland's history. It was on a par with the rapid rate of increase for Canada as a whole and was twice as great as that of the Maritime Provinces. For the first time in many decades Newfoundland was able to retain the full equivalent of the natural increase in its population, while the Maritimes continued to lose a considerable portion of theirs. The rise in the Newfoundland population was accompanied by rising production and an increase in average per capita income which kept pace with the high rate of growth in the Canadian average.

During the 1949-56 period in the neighbourhood of 10,000 persons left the fishery to find more productive employment elsewhere. With federal and provincial government encouragement some noticeable improvements were made in fishing equipment and techniques. Substantial progress was achieved in the development of a higher-value fishery product for higher-income markets. The output of frozen groundfish was more than doubled and at the end of the period Newfoundland supplied about one-half of all the United States imports of this commodity. The dependence of the industry upon salt cod and its uncertain markets was materially reduced.

The forest and mineral industries made significant advances and provided a rising level of earnings for a larger number of workers. The value of forest output rose by more than one-half. A considerable amount of capital was invested in the existing mines to improve efficiency and output. Large iron deposits in the Labrador were brought into production and development work was carried forward on several deposits of other minerals.

Economic Background

The introduction of the federal social services following Union did much to remove the edge of poverty and to supplement and stabilize incomes in the lower-income groups. The provincially financed health and other social services were extended and made more widely available to the scattered population. Health and nutritional standards were considerably improved. In 1956 the so-called "transfer" payments to individuals from the federal and provincial governments constituted 16 per cent of total personal disposable incomes in Newfoundland compared with 9 per cent for Canada as a whole.

The improvement and support of the lower incomes together with the general rise in earnings had a stimulating effect upon the merchandising and service trades. The index of employment in trade rose by 14 per cent between 1951 and 1956.

Among these developments there were some significant and permanent advances in the basic structure of the Newfoundland economy. However, it is necessary to direct attention to the important role of special and transitory factors. By far the most dynamic influence on the economy came from the rapid rise in construction activity. The index of employment in construction rose from 100 in 1949 to 802 in 1953 and 534 in 1956. These striking increases resulted mainly from the opportunities afforded by the development of large military bases, aviation facilities, and to a lesser extent mineral and forest resources. The construction industry provided the principal outlet for the rapidly growing working force and for the many thousands who left the fishery.

The military bases made a vital contribution to the security of North America and the free world, but by their very nature, they have contributed relatively little to the productivity of the economy. The local employment and expenditures resulting from the operation and maintenance of the military installations have been considerable and important, but these have been subject to the inevitable uncertainties of changing military necessities and plans.

The heavy dependence in recent years upon the construction industry has introduced a further source of instability. In the best of times, it is a highly seasonal industry. Consequently seasonal unemployment and under-employment have continued to be major problems and important factors in the low level of annual incomes. Furthermore the rate of construction activity is subject to wide fluctuations in accordance with business conditions and market developments as they affect an export economy. Throughout the period 1949-56 the magnitudes of the construction programmes in Newfoundland, whether for military purposes or resource development, have from year to year dominated the economic scene to a greater extent than in other regions of Canada.

Royal Commission on Newfoundland Finances

The construction programmes have included significant outlays by the Provincial Government on industrial projects for economic development, on roads, on municipal works, and on education and health facilities. However, the expenditures on these items of social capital have served largely to keep up with the pace of a rapidly growing population. There have been few really major improvements in the levels and standards of services. The deficiencies of the past have not been substantially overcome. The facilities required for most services remain below the standards in any other province. The per capita outlay in Newfoundland on education in 1955 was about 20 per cent below that of Nova Scotia. The road system continues to be woefully inadequate and is almost completely out of phase with modern developments and possibilities in motor transport. Newfoundland with its more scattered and much smaller density of population has, compared with the Maritime Provinces, only about one-half the mileage of motorable roads per capita. The quality of the roads is also much inferior. The Newfoundland portion of the Trans-Canada Highway is not more than a quarter completed in terms of total estimated cost. There is no trans-provincial road whatever. The majority of the numerous small settlements in the Province are still without any road connections.

The lack of an adequate road system is, in the present day, one of the outstanding handicaps to economic development and social improvement. From the economic standpoint this basic deficiency is a serious obstacle to a better concentration of population; it hinders the development of natural resources, raises the costs of distribution, restricts the diversification of industry and limits the growth of local enterprise. From the social standpoint the lack of roads adds substantially to the cost and difficulty of providing a necessary and desirable standard of public services. In short, Newfoundland is confronted with the urgent tasks of modernization, but is without the modern means of mobility and communication.

The notable increases in Newfoundland production and incomes in recent years have not measurably reduced the disparities with the rest of the country which had previously existed. In the generally prosperous year of 1956 the average per capita personal income after adjustment for differences in the cost of living was still somewhat less than half the Canadian average and about one-third less than that of the Maritime Provinces. This comparison of averages, however, obscures a number of significant variations within Newfoundland itself. While the rate of earnings in the Newfoundland forest and mineral industries are comparable to those in similar industries in other parts of Canada, the net income of most fishermen has remained at no more than a few hundred dollars per year. The average per capita incomes in Newfoundland are further affected by the more limited opportunities for female workers and by the fact that the proportion of the population of working age is significantly smaller

than elsewhere in Canada. In 1956, 41 per cent of the population of Newfoundland was under 15 years of age as compared with 32 per cent for Canada as a whole. The average number of persons per family in Newfoundland in 1956 was 4.6 compared with 3.9 in Nova Scotia and 3.8 for Canada. The larger proportion of children in Newfoundland has a pronounced effect on the relative per capita incomes, on the costs of education and social services, and on the taxable capacity of the population.

The provinces and regions which comprise the Canadian federation exhibit a wide range in their economic development, and in their levels of wealth and income. By virtually every criterion Newfoundland remains well down at the bottom of this range. This position, however, does not measure the contribution of the people of Newfoundland and its resources to the Canadian entity. The national significance of the extension of the geographical boundaries to the ultimate limits on the eastern ocean and the importance of this historical development for Canadian defence and aviation do not require elaboration. Union in 1949 brought another important exporting region inside the Canadian economic structure. The products of Newfoundland were and continue to be exported abroad to a greater extent than in any other province. Under the influence of the Canadian commercial, transportation, and fiscal policies this export income has flowed, along with that from other export areas, into the great stream of purchasing power which has been the basis of much of the growth and prosperity of the industrial and commercial centres of the nation. This new source of opportunities has helped to strengthen the central core of the national economy. The addition of Labrador to Canadian territory has added also another frontier rich in minerals and water power. Labrador is already making its contribution to the vital role which undeveloped frontiers have played in the history of national economic expansion.

Newfoundland with its heavy dependence on specialized export industries and its large areas of undeveloped frontier is strongly affected by outside influences over which it has little or no control. The Newfoundland economy was, and continues to be, highly vulnerable. In the past this circumstance has often brought privation to many and sometimes financial ruin. Since 1949 the social and economic dangers inherent in this vulnerability have been notably lessened by federal social services and other federal programmes. Indeed, this has been the outstanding and most far-reaching result of Union. However, the capacity of the Provincial Government to cope with the effects of adversity and to deal with the more basic and longer-run problems of economic development is seriously handicapped by the pronounced lack of social capital, by the high costs associated with a scattered population, and by the deficiencies and difficulties inherited from the past. The undoubted resources in people and natural wealth stand in contrast with the local means available to promote a desirable rate of economic and social betterment.

CHAPTER II

Review of the Financial Position of the Province

The financial arrangements under which the Province of Newfoundland came into being on April 1, 1949, are set forth in the financial provisions of the Terms of Union. These provisions are as follows:

Financial Terms

Debt

23. Canada will assume and provide for the servicing and retirement of the stock issued or to be issued on the security of Newfoundland pursuant to the Loan Act, 1933, of Newfoundland and will take over the Sinking Fund established under that Act.

Financial Surplus

24. (1) In this Term the expression "financial surplus" means the balances standing to the credit of the Newfoundland Exchequer at the date of Union (less such sums as may be required to discharge accounts payable at the date of Union in respect of appropriations for the public services) and any public moneys or public revenue (including loans and advances referred to in Term twenty-five) in respect of any matter, thing, or period prior to the date of Union recovered by the Government of the Province of Newfoundland subsequent to the date of Union.

(2) Newfoundland will retain its financial surplus subject to the following conditions:

- (a) one-third of the surplus shall be set aside during the first eight years from the date of Union, on deposit with the Government of Canada, to be withdrawn by the Government of the Province of Newfoundland only for expenditures on current account to facilitate the maintenance and improvement of Newfoundland public services, and any portion of this one-third of the surplus remaining unspent at the end of the eight-year period shall become available to the Province of Newfoundland without the foregoing restriction;
- (b) the remaining two-thirds of the surplus shall be available to the Government of the Province of Newfoundland for the development of resources and for the establishment or extension of public services within the Province of Newfoundland; and
- (c) no part of the surplus shall be used to subsidize the production or sale of products of the Province of Newfoundland in unfair competition with similar products of other provinces of Canada, but nothing in this paragraph shall preclude the Province of Newfoundland from assisting industry by developmental loans on reasonable conditions or by ordinary provincial administrative services.

(3) the Government of the Province of Newfoundland will have the right within one year from the date of Union to deposit with the Government of Canada all or any part of its financial surplus held in dollars and on the thirty-first day of March and the thirtieth day of September in each year to receive with respect thereto interest at the rate of two and five-eighths per centum per annum during a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

Loans

25. (1) The Province of Newfoundland will retain its interest in, and any securities arising from or attaching to, any loans or advances of public funds made by the Government of Newfoundland prior to the date of Union.

(2) Unless otherwise agreed by the Government of Canada, paragraph one of this Term shall not apply to any loans or advances relating to any works, property, or services taken over by Canada pursuant to Term thirty-one or Term thirty-three.

Subsidies

26. Canada will pay to the Province of Newfoundland the following subsidies:

- (a) an annual subsidy of \$180,000 and an annual subsidy equal to 80 cents per head of the population of the Province of Newfoundland (being taken at 325,000, until the first decennial census after the date of Union), subject to be increased to conform to the scale of grants authorized by the British North America Act, 1907, for the local purposes of the Province and the support of its Government and Legislature, but in no year shall sums payable under this paragraph be less than those payable in the first year after the date of Union; and
- (b) an additional annual subsidy of \$1,100,000 payable for the like purposes as the various fixed annual allowances and subsidies provided by statutes of the Parliament of Canada from time to time for the Provinces of Nova Scotia, New Brunswick, and Prince Edward Island or any of them and in recognition of the special problems of the Province of Newfoundland by reason of geography and its sparse and scattered population.

Tax Agreement

27. (1) The Government of Canada will forthwith after the date of Union make an offer to the Government of the Province of Newfoundland to enter into a tax agreement for the rental to the Government of Canada of the income, corporation income, and corporation tax fields, and the succession duties tax field.

(2) The offer to be made under this Term will be similar to the offers to enter into tax agreements made to other provinces, necessary changes being made to adapt the offer to circumstances arising out of the Union, except that the offer will provide that the agreement may be entered into either for a number of fiscal years expiring at the end of the fiscal year in 1952, as in the case of other provinces, or for a number of fiscal years expiring at the end of the fiscal year in 1957, at the option of the Government of the Province of Newfoundland, but if the Government of the Province of Newfoundland accepts the latter option the agreement will provide that the subsequent entry into a tax agreement by the Government of Canada with any other province will not entitle the Government of the Province of Newfoundland to any alteration in the terms of its agreement.

(3) The offer of the Government of Canada to be made under this Term may be accepted by the Government of the Province of Newfoundland within nine months after the date of the offer but if it is not so accepted will thereupon expire.

(4) The Government of the Province of Newfoundland shall not by any agreement entered into pursuant to this Term be required to impose on any person or corporation taxation repugnant to the provisions of any contract entered into with such person or corporation before the date of the agreement and subsisting at the date of the agreement.

(5) If the Province of Newfoundland enters into a tax agreement pursuant to this Term the subsidies payable under Term twenty-six will, as in the case of similar subsidies to other provinces, be included in the computation of tax agreement payments.

Royal Commission on Newfoundland Finances

Transitional Grants

28. (1) In order to facilitate the adjustment of Newfoundland to the status of a Province of Canada and the development by the Province of Newfoundland of revenue-producing services, Canada will pay to the Province of Newfoundland each year during the first twelve years after the date of Union a transitional grant as follows, payment in each year to be made in equal quarterly instalments commencing on the first day of April, namely,

| | |
|---------------------|-------------|
| First year | \$6,500,000 |
| Second year | 6,500,000 |
| Third year | 6,500,000 |
| Fourth year | 5,650,000 |
| Fifth year | 4,800,000 |
| Sixth year | 3,950,000 |
| Seventh year | 3,100,000 |
| Eighth year | 2,250,000 |
| Ninth year | 1,400,000 |
| Tenth year | 1,050,000 |
| Eleventh year | 700,000 |
| Twelfth year | 350,000 |

(2) The Government of the Province of Newfoundland will have the right to leave on deposit with the Government of Canada any portion of the transitional grant for the first eight years with the right to withdraw all or any portion thereof in any subsequent year and on the thirty-first day of March and the thirtieth day of September in each year to receive in respect of any amounts so left on deposit interest at the rate of two and five-eighths per centum per annum up to a maximum period of ten years from the date of Union on the minimum balance outstanding at any time during the six-month period preceding payment of interest.

Review of Financial Position

29. In view of the difficulty of predicting with sufficient accuracy the financial consequences to Newfoundland of becoming a province of Canada, the Government of Canada will appoint a Royal Commission within eight years from the date of Union to review the financial position of the Province of Newfoundland and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick, and Prince Edward Island.

The Government of the Province of Newfoundland had available at the outset of its operations a cash surplus of \$40.3 million which could be used for the establishment, extension or maintenance of public services and for the development of resources in accordance with conditions set out in Term 24 of the Terms of Union. In addition, the Province retained its interest in pre-Union loans and other financial assets having a book value of \$11.0 million on March 31, 1949, on which \$4.5 million was subsequently realized. The net amount of Newfoundland debt assumed by Canada under Term 23 was \$47.6 million. The remainder of the net direct and indirect debt outstanding on March 31, 1949, amounting to \$10.3 million was carried forward as an obligation of the Provincial Government. This amount included \$4.2 million of net direct funded debt and \$6.1 million of

indirect debt arising out of a guarantee of securities of Bowaters (Newfoundland) Pulp and Paper Mills Limited, all of the latter debt being since redeemed by the Company as it matured.

Prior to Union the Government of Newfoundland derived almost 60 per cent of its revenues from customs duties and excises. Upon the establishment of the Province these revenue sources passed to the Federal Government and the Province began with an undeveloped and very limited revenue system. The gap was filled mainly by federal payments under the tax rental agreement, the statutory subsidies, and the special transitional grant in accordance with the Financial Terms of Union. However, a substantial deficit was encountered in the first year which was covered from the accumulated surplus. During the first fiscal year of operations total federal payments constituted more than 75 per cent of total provincial revenue. This contrasted with a percentage of federal payments of slightly less than 40 per cent in the case of the Maritime Provinces.

Furthermore, because of the very limited development of municipal institutions, the provincial revenues in Newfoundland were required to cover the cost of services which in other provinces are generally paid for out of municipal taxes. During the first fiscal year following Union the combined provincial-municipal net revenue from provincial sources in Newfoundland amounted to \$15 per capita compared with \$57 per capita in the Maritime Provinces. If federal payments are included the total revenues which were available in Newfoundland for provincial and municipal purposes were \$54 per capita, compared with \$79 per capita in the Maritime Provinces.

The preceding paragraphs describe the highlights of the financial position of the Provincial Government of Newfoundland at the outset of Union. The subsequent developments during the period 1949-57 are set out in detail in Appendices I, II, and V. The main trends in the provincial-municipal revenues and expenditures are indicated in the table below:

Provincial and Municipal Net Revenues and Expenditures for fiscal years ended nearest Dec. 31st.

| | Net Ordinary | | | | | | Capital Expenditure | |
|------|-----------------------|-------------------|-----------|-------------------|----------------------|-------------------|-----------------------|------|
| | Provincial | | Municipal | | Prov.-Mun. combined | | | |
| | Rev. | Exp. ¹ | Rev. | Exp. ¹ | Rev. | Exp. ¹ | Prov. ² | Mun. |
| | (millions of dollars) | | | | (dollars per capita) | | (millions of dollars) | |
| 1949 | 17.4 | 21.0 | 1.1 | 1.0 | 54 | 63 | 4.9 | 1.3 |
| 1950 | 21.0 | 20.7 | 1.3 | 1.3 | 63 | 62 | 6.7 | .6 |
| 1951 | 25.2 | 23.9 | 1.9 | 1.2 | 74 | 69 | 5.9 | .8 |
| 1952 | 31.7 | 24.7 | 2.2 | 1.5 | 90 | 70 | 4.1 | 1.3 |
| 1953 | 31.6 | 27.2 | 2.5 | 1.8 | 88 | 75 | 4.7 | 1.2 |
| 1954 | 32.9 | 31.0 | 2.8 | 1.9 | 90 | 83 | 8.5 | 1.9 |
| 1955 | 33.5 | 33.4 | 3.0 | 2.1 | 89 | 87 | 9.0 | 1.8 |
| 1956 | 36.8 | 35.5 | 3.7 | 2.7 | 97 | 91 | 8.8 | 3.3 |

¹ Excludes debt retirement and capital grants for schools and hospitals.

² Includes capital grants for schools and hospitals.

Royal Commission on Newfoundland Finances

A noteworthy feature of the public finances of Newfoundland during 1949-56 is the relatively small share of municipal expenditure throughout the period. Almost the whole of the rise in outlays was borne directly by the Provincial Government. Total ordinary provincial expenditures increased by nearly 70 per cent between 1949 and 1956, and by about 40 per cent on a per capita basis. There were considerable differences in the rates of increase of ordinary expenditures on the various provincial services; the increase per capita on health services was about one-half, on education, transportation, and natural resources about three-quarters, on general administration slightly more than one-third. The provincial per capita cost of welfare services declined. However, if account is taken of the rise in costs during this period due to raises in wages, salaries and prices, the increases in per capita real outlays on provincial services were much smaller. Indeed, after making due allowance for rising costs the total provincial per capita outlay on ordinary account showed no significant increase between 1949-1956.

**Per Capita Provincial Net Ordinary Expenditures on Certain Services¹ in
Constant (1956) Dollars**

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Health and hospital care.... | 17.20 | 16.54 | 19.03 | 18.64 | 18.73 | 18.04 | 18.79 | 18.77 |
| Education..... | 18.60 | 18.12 | 18.23 | 18.62 | 18.69 | 19.90 | 20.24 | 19.69 |
| Transportation and com- munications..... | 8.17 | 7.85 | 8.98 | 8.00 | 8.58 | 9.38 | 9.86 | 10.67 |
| Other expenditure (exclud- ing welfare payments to individuals and debt charges)..... | 20.36 | 20.16 | 19.88 | 19.69 | 21.04 | 19.75 | 21.24 | 22.16 |

¹ Excluding federal grants-in-aid. For total outlays on these services see Table 10, Appendix I

The provincial government expenditures and grants for capital facilities such as roads, hospitals, schools, public buildings, etc., during the 1949-56 period, ranged between \$4 million and \$9 million per year, and amounted to an average of \$6.6 million annually. After taking care of the expanded facilities required for a population which increased by nearly one-fourth during this period, not a great deal was available out of amounts of this limited size to overcome past deficiencies and to improve standards. Except for one year, ordinary revenues were insufficient to cover the expenditures and grants for capital facilities.

The most significant development in the provincial revenues over the 1949-56 period was the increase in the proportion obtained from provincial sources from slightly less than one-fourth to somewhat more than one-half of the total ordinary revenues available to the province.

**Net Ordinary Revenue
For Fiscal Years Ended Nearest December 31**

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|------|------|------|------|------|------|------|------|
| (millions of dollars) | | | | | | | | |
| General sales tax..... | — | .7 | 3.2 | 4.5 | 5.7 | 6.3 | 6.7 | 7.8 |
| Motor fuel taxes and motor vehicle licences..... | 1.4 | 1.8 | 2.1 | 2.6 | 3.1 | 3.7 | 4.6 | 5.4 |
| Liquor control..... | 1.8 | 2.2 | 2.5 | 2.8 | 3.1 | 3.1 | 3.2 | 3.8 |
| Natural resources..... | .6 | .4 | .7 | .8 | .5 | .3 | .4 | .8 |
| Other provincial sources..... | .3 | .6 | .8 | .9 | .8 | 1.2 | 1.2 | 1.2 |
| Total provincial sources..... | 4.1 | 5.7 | 9.3 | 11.6 | 13.2 | 14.6 | 16.1 | 19.0 |
| Payments from Federal Govern- ment..... | 13.3 | 15.3 | 15.9 | 20.1 | 18.4 | 18.3 | 17.4 | 17.8 |
| Total net ordinary provincial re- venue..... | 17.4 | 21.0 | 25.2 | 31.7 | 31.6 | 32.9 | 33.5 | 36.8 |
| Municipal net revenue..... | 1.1 | 1.2 | 1.6 | 2.0 | 2.3 | 2.5 | 2.8 | 3.3 |
| Provincial-municipal combined..... | 18.5 | 22.2 | 26.8 | 33.7 | 33.9 | 35.4 | 36.3 | 40.1 |

The expansion of the provincial revenues was accomplished very largely by the adoption, early in the period, of a general retail sales tax and by higher rates of taxation on motor vehicles. Aside from these and the steadily rising yield from liquor control, no other source brought in any substantial returns. An outstanding feature of the provincial revenue system is the narrow scope of the revenue sources. Corporation taxes, personal income taxes and succession duties were rented to the federal government under Tax Rental Agreements. Revenue from natural resources was severely limited because of the tax concessions given in agreements which were entered into with companies to encourage development. The lack of roads restricted the possibilities of revenue from motor vehicles. Under these circumstances the 3 per cent general retail sales tax became the predominant source of expanding income for the Provincial Government. The heavy dependence upon this levy caused the tax to be imposed upon a wide range of transactions including virtually all purchases of the necessities of life.

Furthermore, throughout the period, the provincial revenue had to cover the cost of both the provincial services and all but a small part of the cost of local services. During the fiscal year ended March 31, 1957, total municipal collections constituted only 8 per cent of the combined provincial-municipal revenues. During the same year municipal collections contributed 30 per cent to the combined provincial-municipal revenues in the Maritimes.

The payments from the Federal Government under the Tax Rental Agreements, the statutory subsidies and the transitional grant arrangement continued to provide a large though declining share of total provincial revenues. The payments under the Tax Rental Agreements rose from \$7.2 million in the fiscal year ending March 31, 1951 (the first fiscal year

Royal Commission on Newfoundland Finances

in which the full annual payment was received) to \$14.0 million in the fiscal year ending March 31, 1957, but over the same interval the transitional grant paid in accordance with the Financial Terms of Union fell from \$6.5 million to \$2.25 million. The total of the federal payments comprised 73 per cent of total provincial net revenue in the fiscal year ending March 31, 1951 and 48 per cent in the fiscal year ending March 31, 1957. In the same years, the federal payments to the Government of Newfoundland calculated on a per capita basis amounted to \$44 and \$43 respectively, compared with \$21 and \$35 respectively in the case of the Maritime Provinces.

Over the whole period beginning April 1, 1949, and ending March 31, 1957, total revenues on ordinary account fell short of the total requirements for ordinary expenditures (including sinking fund instalments) by \$1.1 million. Surpluses on ordinary account were realized in each of the four fiscal years ending in 1952, 1953, 1954 and 1955. Deficits on ordinary account occurred in the fiscal years ending in 1950, 1951, 1956 and 1957. In each of the last three fiscal years including the estimated out-turn for the fiscal year ending March 31, 1958, deficits on ordinary account were encountered on a rising scale, amounting to \$2.0 million, \$2.4 million and an estimated \$4.5 million respectively. In other words, during the past three years the revenues of the Province on ordinary account have fallen more and more short of the requirements for ordinary expenditures.

The total financial requirements of the Province, over and above the amount obtained from ordinary revenues, are shown in the table on opposite page for each of the years in the period beginning April 1, 1949, and ending March 31, 1958. These requirements for the whole of the nine-year period amounted to \$101 million of which \$6 million was for ordinary account deficits, \$50 million for capital expenditures, and \$45 million for loans and advances. The total of \$101 million was financed to the extent of \$45 million from the pre-Union surplus and the realization of pre-Union assets, and to the extent of \$56 million from borrowings.

During the first three years of the period the financial requirements were met entirely from the two-thirds portion of the pre-Union surplus, after which this portion was virtually used up. In the remaining six years of the period the requirements were met out of borrowings and from the remaining one-third portion of the pre-Union surplus which, according to the Financial Terms of Union, became available April 1, 1957. In the most recent fiscal year ending March 31, 1958, the estimated financial requirement was nearly \$16 million, all of which would have had to be borrowed.

The details concerning the sum expended on loans and advances amounting to \$45 million over the nine-year period are shown in Appendix V,

**Financial Requirements, Sources of Funds and Increases in Debt For Fiscal
Years Ended Nearest December 31**

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to Audit 1956 | Esti- mated 1957 |
|--|-------|------|------|-------|-------|------|------|--------------------------------|------------------------|
| (millions of dollars) | | | | | | | | | |
| <i>Requirements—</i> | | | | | | | | | |
| Deficit or surplus (—) on ordinary account..... | 5.0 | .4 | — .5 | — 6.0 | — 1.7 | — .5 | 2.0 | 2.4 | 4.5 |
| Capital expenditure..... | 4.1 | 6.2 | 5.2 | 3.2 | 3.7 | 7.4 | 7.9 | 7.1 | 5.1 |
| Sub-total..... | 9.1 | 6.6 | 4.7 | — 2.8 | 2.0 | 6.9 | 9.9 | 9.5 | 9.6 |
| Loans and advances..... | .3 | 2.6 | 9.6 | 7.6 | 4.4 | 7.3 | 3.5 | 3.5 | 6.3 |
| Total requirements..... | 9.4 | 9.2 | 14.3 | 4.8 | 6.4 | 14.2 | 13.4 | 13.0 | 15.9 |
| <i>Sources of Funds—</i> | | | | | | | | | |
| From financial surplus..... | 9.4 | 9.2 | 14.3 | .1 | .1 | .2 | .1 | 11.1 | — |
| From borrowing..... | — | — | — | 4.7 | 6.3 | 14.0 | 13.3 | 1.9 | 15.9 |
| Total..... | 9.4 | 9.2 | 14.3 | 4.8 | 6.4 | 14.2 | 13.4 | 13.0 | 15.9 |
| <i>Increase in Debt—</i> | | | | | | | | | |
| Borrowing..... | — | — | — | 4.7 | 6.3 | 14.0 | 13.3 | 1.9 | 15.9 |
| Less sinking fund instalments and earnings..... | .1 | .1 | .2 | .2 | .4 | .5 | .9 | 1.4 | 1.4 |
| Net borrowing..... | — .1 | — .1 | — .2 | 4.5 | 5.9 | 13.5 | 12.4 | .5 | 14.5 |
| Increase or decrease (—) in guar- antees..... | — 1.1 | .8 | .1 | 1.5 | 2.4 | 3.8 | — .1 | 4.1 | — 1.6 |
| Increase or decrease (—) in net direct and indirect debt..... | — 1.2 | .7 | — .1 | 6.0 | 8.3 | 17.3 | 12.3 | 4.6 | 12.9 |

Statement 9. Of this total, the net amount lent or advanced for fish plants and fishery development was \$11 million, for industrial plants and industrial development \$30 million, for land settlement and agriculture \$ $\frac{3}{4}$ million, for social welfare, education and municipal purposes, \$1 $\frac{1}{2}$ million, and for housing developments nearly \$2 million.

In addition to loans and advances the Provincial Government pledged its credit in guarantees amounting to \$16 million outstanding on March 31, 1958. The net increase during the nine-year period was \$10 million because \$6 million was outstanding at the date of Union. The details of these guarantees are shown in Appendix V, Statement 3. Out of the total net increase of \$10 million in guarantees, the amount guaranteed for fish plants and fishery development was nearly \$3 million, for education, municipal and housing purposes \$11 million, for industrial plants and industrial development \$2 million, but \$6 million outstanding at the date of Union was retired, leaving a net decrease in this category of about \$4 million.

To sum up, during the nine-year period ending March 31, 1958, the Provincial Government utilized financial resources, from the pre-Union surplus and the use of its credit through direct borrowings and guarantees, amounting altogether to \$111 million. Roughly one-half of this amount was used for capital expenditures on public works and for deficits on

Royal Commission on Newfoundland Finances

ordinary account, and the remainder was devoted to industrial development, fishery development and to guarantees for municipal and other local purposes.

The effect of these operations on the debt of the Provincial Government is shown in the table below.

Net Funded, Unfunded and Guaranteed Debt¹ as at March 31

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Subject to Audit 1957 | Esti- mated 1958 |
|--|------|------|------|------|------|------|------|------|--------------------------------|------------------------|
| (millions of dollars) | | | | | | | | | | |
| Funded debt..... | 5.0 | 5.0 | 5.0 | 5.0 | 15.0 | 15.0 | 27.0 | 43.0 | 43.0 | 54.5 |
| Less sinking fund..... | .8 | .9 | 1.1 | 1.2 | 1.4 | 1.8 | 2.3 | 3.2 | 4.6 | 5.4 |
| Net funded debt..... | 4.2 | 4.1 | 3.9 | 3.8 | 13.6 | 13.2 | 24.7 | 39.8 | 38.4 | 49.1 |
| Unfunded debt or unspent borrowings (-)..... | — | — | — | — | -5.4 | 1.0 | 3.0 | .2 | 2.1 | 6.0 |
| Total net direct debt..... | 4.2 | 4.1 | 3.9 | 3.8 | 8.2 | 14.2 | 27.7 | 40.0 | 40.5 | 55.1 |
| Guarantees..... | 6.1 | 5.0 | 5.9 | 5.9 | 7.5 | 9.8 | 13.6 | 13.6 | 17.6 | 15.9 |
| Total net direct and indirect debt..... | 10.3 | 9.1 | 9.8 | 9.7 | 15.7 | 24.0 | 41.3 | 53.6 | 58.1 | 71.0 |

¹ Appendix V, Statement 2.

In the early years the debt position of the Provincial Government was very favourable. At the outset the Provincial Government had in hand a substantial net cash surplus and was virtually free of any net debt charges. Since 1952 the provincial debt has increased steadily. In the fiscal year ending March 31, 1958, estimated net debt charges including the requirements for interest and debt retirement had risen to \$3.4 million. However, this cost constituted no more than 9 per cent of the total ordinary revenues, compared with about 20 per cent for the similar ratio in the Maritime Provinces combined. The total estimated net direct and indirect debt of the Government of Newfoundland outstanding on March 31, 1958, was \$71.0 million. This total amounted to \$163 per capita compared with about twice this amount per capita for the governments of the Maritime Provinces combined. These comparisons would appear to indicate that the debt position of the Government of Newfoundland continues to be favourable in relation to the Maritime Provinces. However, in considering the significance of this relative position regard must be had to the fact that the Government of Newfoundland has been encountering rising deficits on ordinary account over the last several years. Also, consideration must be given to the vulnerability and uncertainties of the Newfoundland economy and the significantly lower per capita personal income. In these circumstances special problems and limitations arise regarding the support of heavy fixed charges.

CHAPTER III

The Levels and Standards of Public Services in Newfoundland

One of our first tasks, and a most important one, was to determine the levels and standards of public service reached in Newfoundland subsequent to the date of Union. This task is explicit in the Terms of Reference which state in part "and to recommend the form and scale of additional financial assistance, if any, that may be required by the Government of the Province of Newfoundland to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island". Before it is possible to judge what will be required to continue public services at the levels and standards reached subsequent to the date of Union it is necessary to know what those levels and standards were. Further, before the levels and standards of public services can be measured, certain problems of concept and definition must be settled.

It must be assumed that the phrase "the levels and standards reached subsequent to the date of Union" means the highest levels and standards reached. Otherwise Term 29 has little meaning. It would appear that the purpose of this clause in the Terms of Union was to ensure that levels and standards of public service reached in Newfoundland during the period under review would continue to be feasible for the Province if its taxation were no less burdensome than that obtaining in the Maritime Provinces generally.

The Brief presented on behalf of the Government of the Province of Newfoundland in support of additional financial assistance assumes that the highest levels and standards of public service reached subsequent to the date of Union were reached in the fiscal year 1956-57. We felt that this assumption should be closely examined since much might turn on it. It seemed clear that, if higher levels and standards had been reached prior to 1956-57, these earlier levels and standards should form the basis of our calculation of the additional financial assistance required.

The second matter of definition for settlement is the meaning of the expression "public services". Public services can be defined as those services which are provided by governments, either free or for a nominal charge and paid for through general taxation as distinct from services available at market prices from the private sector of the community, or, in certain instances, from government agencies operating on a commercial basis. On the face of it this definition seems reasonable and fairly clear-cut.

Royal Commission on Newfoundland Finances

Upon examination, however, it will be seen that certain of the public services are hardly distinguishable from certain services provided to the community by associations of individuals acting on a voluntary basis. This is true in all provinces of Canada in the field of social welfare. In Newfoundland however it is also true for education, because the educational system is to a very large extent operated by the churches and a substantial part of the cost of building, maintaining and operating schools is borne by the citizens through their religious organizations.

Because of the difference in the operation of schools in Newfoundland, the contribution made locally to education outside the tax system is relatively larger than in the Maritime Provinces. In place of a system of local taxation to support schools as in the Maritime Provinces, there is in Newfoundland a system of voluntary contributions by the public and financing by religious denominations. In both areas, there is direct assistance from provincial governments towards carrying on the educational services. Without these contributions and church assistance, local taxation or higher provincial government expenditure would be necessary in Newfoundland. It was decided, therefore, that the definition of public services should include education paid for through church organizations as well as that which was financed from the public treasury. In other words, it was decided to start from the basic figures of provincial and municipal finance and to add to them the estimated private contribution for education.

The third matter for settlement is the meaning of "levels and standards", particularly as it affects the unit of measurement to be adopted. The Shorter Oxford English Dictionary defines level as "position, plane, *standard* in social, moral or intellectual matters" and standard as "a definite *level* of excellence, attainment, wealth or the like, or a definite degree of any quality viewed as a prescribed object of endeavour or as the measure of what is adequate for some purpose". To some extent, therefore, the words "level" and "standard" are synonymous, each reinforcing the meaning of the other. It seems clear that the expression "levels and standards" has quantitative and qualitative meaning. We are concerned with the problem of measurement and, therefore, for our purposes quality is viewed as an aspect of quantity. A higher quality service is taken simply to mean more service, which, in practice, is achieved by larger expenditure on men and materials.

Since our comparisons of levels and standards must reflect quantitative change, they must run in real terms— in terms of the real level of service rather than in terms of the current dollar cost of that service. Hence, in a period of rising prices the financial data of government expenditure and cost of services will only be relevant to our discussion of changes in the levels and standards of these services if these financial data have first been

Levels and Standards of Public Services

adjusted to a constant dollar basis or corrected for price changes. Furthermore, since the standard of service may also be affected by the number to be served, it may be necessary to adjust the constant dollar financial data to per capita terms or to other terms deemed suitable for the purpose.

It should be made clear, at this point, that we have decided to proceed upon the assumption that the levels and standards of public service are indicated by their cost. For example, if \$100,000 is spent on the salaries of doctors and nurses to provide a health service, we assume for the purpose of our study that \$100,000 is the measure of the flow of service which results from that expenditure. We know of no other practical method of measurement.

Having defined levels and standards of public service and decided that changes in them are indicated by the changes in the expenditures upon them, adjusted for price variations, we proceed to deal with the techniques of measurement. Here we are confronted with an important matter of concept involving the relationship between current and capital expenditure. We know that the flow of public services is partly the result of current expenditure and partly the result of previous expenditure for the construction and acquisition of physical assets. This is the same as for the individual who, in addition to his current income, may enjoy a flow of income or service from previously acquired assets such as his house and furnishings. The problem is to measure and relate these two flows so that they may be added together.

We have already noted that as far as ordinary expenditure is concerned the cost of service will be taken as indicating the level of service subject only to the fact that if we are comparing two or more years, an adjustment will have to be made for price changes. In calculating the flow of service from capital assets, however, and thus assessing their contribution to the levels and standards of public services, we must make a somewhat different type of calculation. Unlike ordinary expenditure, the services of capital expenditure are not delivered in one year but are spread over the life of the asset. Hence, in seeking to measure the levels and standards of public service attributable to capital assets we look not to capital expenditure itself but to the annual costs which it involves. As with ordinary expenditure, we make the assumption that the value of the services rendered by physical assets is measured by the cost of providing those assets.

In any one year the real costs of providing capital assets are the interest costs necessary to obtain the assets, the depreciation allowance which must be made to assure their replacement, and the annual maintenance charges. To measure the flow of service from a capital asset, therefore, we must first know the interest cost involved, imputing a rate of interest if no debt is outstanding. In the second place, we must make some judgment as to the probable life of the asset or in other words fix a

Royal Commission on Newfoundland Finances

rate of depreciation. In the third place, the flow of services from an asset must be great enough to cover maintenance costs. This amounts to saying that if a rational decision has been made regarding the construction or acquisition of a capital asset, the asset will yield a flow of service at least equal to the sum of the interest, depreciation and maintenance charges.

The decision to spend money for public purposes is, of course, a political as well as an economic one and in that sense it may be inaccurate to attach a rate of interest to all capital assets as measuring the flow of services from them. However, we have no other adequate method of measuring the flow of services. Hence, we assume that if money is borrowed to build hospitals or roads, these hospitals or roads will provide an annual flow of services sufficient to cover the interest charges, the appropriate annual depreciation charges and the annual costs of maintenance.

In measuring the levels and standards of public service we can start, therefore, with expenditures on ordinary account and add to them the flow of service from capital assets. This latter flow of service will be calculated as being equal to interest on capital plus depreciation but will not make any allowance for maintenance which in practice is charged to ordinary expenditure. We could not make an allowance for maintenance in computing the flow of service from capital assets without giving rise to double counting.

The above does not, of course, solve the problem of how to determine the amount of capital existing at a particular time or of how to determine the correct rate of interest and the correct rate of depreciation. It does, however, give us a conceptual framework for measuring the level of services.

We have now arrived at a method of combining the flow of service from ordinary and capital expenditure and have concluded that, because of the very considerable price rise in the period under consideration, it will be necessary to deflate the purely financial data or, in other words, to express them in constant dollars. We have also noted that it is necessary in relating year-to-year changes in the levels and standards of public services to take account of the changing population.

The foregoing disposes of the general problem of calculating the levels and standards of public services in Newfoundland. The details of this calculation and the detailed results are shown in Appendix I. In brief, the method used consists of combining ordinary expenditure with the flow of service from existing capital as measured by the application to existing capital of an interest rate and a depreciation charge. These amounts are expressed in constant dollars per capita.

Although the calculation of the flow of services is discussed at greater length in the Appendix, some general comments should be made here

Levels and Standards of Public Services

about how the methods used and the nature of the data limit the conclusions which can be drawn. As we have seen above, it is necessary to place the expenditures of all years on a constant dollar basis. The practice adopted was to use 1956 as the base period with 1956 prices equal to 100. It should be borne in mind that the price indices used for this purpose are not perfect and do not give precise results. Not only is there the difficulty of the changing composition of public expenditures, but in fact there are no actual price indices based on the goods and services bought by all governments in Canada or by the Government of Newfoundland. All that the price indices can do in these circumstances is to provide a means for determining, rather broadly, an allowance for changes in the value of the dollar. Certainly, they bring the financial data into much better relationship for our purposes; but the trends and the absolute amounts which our calculations yield will not be accurate enough to make precise comparisons.

In particular, the price index used for government salaries and wages was simply a calculation, based on payroll information, of the change in the average salary and wage. This amounts to measuring the change in the levels and standards of service by the change in the number of civil servants with no allowance for improvement or deterioration in the average quality of public servants or for any change in hours worked. In short, it is assumed that a cross-section of the civil service at two points of time would include the same proportions of the different types of skill. We know that this is not quite accurate for the educational service in Newfoundland, where there has been some improvement in the qualifications of teachers. From evidence presented to the Commission, we have also gained the impression that it may not be true of health and hospital services, where the proportion of nurses and doctors to the total numbers employed may have risen in the later years. However, there is no satisfactory way of allowing for the effect of the changing composition of the civil service. Moreover, since the practice here adopted probably produces a bias which underestimates improvement in the levels and standards of public services in Newfoundland, its use in our calculations could not be prejudicial to the interests of the Province.

Some qualification should also be made with respect to the use of per capita expenditure and the per capita flow of services. The per capita presentation is not a perfect measure of the change in the levels and standards of service but it gives a useful preliminary indication. Its limitations are obvious when we come to measure the change in the levels and standards of highway service. A road built from one point to another will normally be capable of carrying much more traffic than exists at that

Royal Commission on Newfoundland Finances

time. Hence, a rise in population and a consequent reduction in the per capita flow of service from highways need not mean a reduction in the level of highway service. Conversely, with a decline in population an unchanged per capita flow of service from highways would mean a lower aggregate flow of service and could actually mean a decline in the levels and standards of highway service to the reduced population. Similar objections to using per capita figures as indicative of the change in the level of public services will arise wherever the public service flows from a capital asset or a unit of organization which is not being used to capacity.

There are other objections to defining the levels and standards of particular public services in per capita terms. When we use the per capita presentation we assume that a constant fraction of the population uses the service. This is clearly not correct in every circumstance as the proportion of the population using a particular service may vary over a period of years. Thus, the proportion of the population which is of school age may rise or decline. A fall in the per capita level of education service could, therefore, occur while per pupil expenditure on education was rising rapidly. Similarly, the health service of tuberculosis prevention will decline in per capita terms as the service becomes more successful and smaller numbers require it. In certain of the welfare payments, particularly the variable ones such as relief, it might be more useful to define the levels and standards of public service in terms of the entitlement of individuals qualifying for assistance, rather than in per capita terms. Despite the above limitations, it is reasonable to use the trend in per capita expenditure in constant dollars, including the flow of service from capital assets, as a general over-all indication of changes in the levels and standards of public service. As we shall see, it is possible to check the per capita results by observation of conditions and to supplement them by the opinion of those with first-hand knowledge of changes in the services and facilities.

Before discussing the actual results a further point needs clarification and emphasis. The level of public services provided by the Province to its citizens depends not only upon the money spent by the Province from its own resources, but upon the extent of federal grants-in-aid for provincial services. Federal grants-in-aid for provincial services have, therefore, been included in the calculation of the levels and standards of public services in Newfoundland. This procedure is necessary to avoid understating the level of provincial and municipal services and to ensure the validity of year-to-year comparisons regardless of changes in the division of responsibility between the Province and the Federal Government. Services provided directly by the Federal Government or payments made directly by it to individuals are not of course included.

Levels and Standards of Public Services

The results of the calculation of the levels and standards of public service in Newfoundland are summarized in the table below. Greater detail is shown in Appendix I.

NEWFOUNDLAND

Per Capita Levels of Provincial and Municipal Services

Including Federal Grants-in-Aid
In Constant (1956) Dollars

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Health | | | | | | | | |
| Provincial and Municipal..... | 20.80 | 20.61 | 23.30 | 22.60 | 22.67 | 21.76 | 22.55 | 22.71 |
| Federal ¹ | .55 | 2.06 | 1.88 | 2.07 | 2.07 | 2.44 | 2.61 | 2.53 |
| Total..... | 21.35 | 22.67 | 25.18 | 24.67 | 24.74 | 24.20 | 25.16 | 25.24 |
| Transportation | | | | | | | | |
| Provincial and Municipal..... | 23.66 | 24.38 | 25.02 | 23.92 | 24.75 | 25.80 | 26.95 | 28.89 |
| Federal ¹ | — | .24 | .52 | .66 | .85 | 1.23 | 1.67 | 1.90 |
| Total..... | 23.66 | 24.62 | 25.54 | 24.58 | 25.60 | 27.03 | 28.62 | 30.79 |
| Education | | | | | | | | |
| Provincial and Municipal..... | 23.86 | 23.50 | 23.64 | 24.19 | 24.44 | 26.17 | 26.74 | 26.57 |
| Federal ¹ | — | .16 | .18 | .24 | .22 | .36 | .41 | .39 |
| Total..... | 23.86 | 23.66 | 23.82 | 24.43 | 24.66 | 26.53 | 27.15 | 26.96 |
| Welfare payments | | | | | | | | |
| Provincial..... | 12.95 | 14.89 | 13.07 | 11.58 | 11.79 | 13.17 | 11.44 | 10.53 |
| Federal ¹ | .06 | .39 | .36 | 2.58 | 2.72 | 2.62 | 4.81 | 6.93 |
| Total..... | 13.01 | 15.28 | 13.43 | 14.16 | 14.51 | 15.79 | 16.25 | 17.46 |
| Other services | | | | | | | | |
| Provincial and Municipal..... | 22.46 | 22.71 | 22.38 | 22.62 | 23.97 | 22.70 | 24.75 | 26.13 |
| Federal ¹ | — | — | — | — | .02 | .16 | .29 | .31 |
| Total..... | 22.46 | 22.71 | 22.38 | 22.62 | 23.99 | 22.86 | 25.04 | 26.44 |
| All services | | | | | | | | |
| Provincial and Municipal..... | 103.73 | 106.09 | 107.41 | 104.91 | 107.62 | 109.60 | 112.43 | 114.83 |
| Federal ¹ | .61 | 2.85 | 2.94 | 5.55 | 5.88 | 6.81 | 9.79 | 12.06 |
| Total..... | 104.34 | 108.94 | 110.35 | 110.46 | 113.50 | 116.41 | 122.22 | 126.89 |

¹ Grants-in-aid for provincial services only.

The calculations show that there has been a fairly steady improvement in the per capita levels and standards of public service over the period 1949 to 1956 although half of that improvement was due to increased federal grants-in-aid. The level of service in 1956 was about 22 percent higher than in 1949. Although a 5 percent rate of interest was used in measuring the flow of service from capital assets, the absolute results would not be significantly different if a 4 percent or 6 percent rate had been used instead, and the trends would have remained unchanged.

Royal Commission on Newfoundland Finances

The greatest increase in the per capita flow of services was in transportation, communications and public works where the increase was from \$24 per capita in 1949 to \$31 per capita in 1956, an increase of about 30 percent. The calculation of the levels and standards of service in health and hospitals shows little change after 1952.

The per capita levels and standards of the education service appear to have changed relatively little from 1949 to 1952, but there was a somewhat greater improvement between 1952 and 1954. As noted above, however, the index of average salaries paid to teachers takes no account of the improvement in the qualifications of teachers. Since the salaries of teachers are the larger part of education expenditure, this may mean that the standard of service for education has improved significantly although in a way which would not be reflected in these figures. On the other hand, it should be noted that school enrolment has risen at a slightly faster rate than population so that if education service were expressed in terms of the flow of service per pupil instead of in per capita terms, the series would show a slight decline for the period.

As noted earlier, we are particularly concerned with determining the highest levels and standards of public service reached subsequent to the date of Union, since these are the levels and standards which must be assured for the future. On balance, it appears reasonable to conclude that the highest levels and standards were those reached in the year 1956-57. This view is supported by our calculations of the levels and standards of public services as outlined above. It is supported as well by expert testimony given before this Commission by senior civil servants of the Province and by the observations of members of the Commission.

The conclusion that 1956-57 marks the highest levels and standards of public service subsequent to the date of Union carries certain implications. The estimate of depreciation of capital assets, used in determining the highest levels and standards reached, becomes a prime factor in determining what will be required to continue those levels and standards. As noted above, there are two factors which must be considered when calculating the cost of maintaining a given level and standard of public service, the flow of service from ordinary or current expenditure and the flow of service from capital assets. This is true of any given level of public service although it will be noted that any particular level of service might be achieved by varying the proportions of ordinary and capital expenditure. Whatever the level of service that obtains, its continuance will require not only ordinary expenditure but the maintenance of the stock of capital as well. The amount of ordinary expenditure in 1956-57 is known. The amount of expenditure necessary to maintain the stock of capital is not known and is not capable of such exact determination. However, an estimate of depreciation is necessarily a by-product of the calculations used above to trace the changes in the levels and standards of public

Levels and Standards of Public Services

service over the period 1949 to 1956. These calculations indicate that the annual depreciation necessary to maintain the stock of provincial and municipal capital at the 1956 level was of the order of \$5.6 million, of which \$4.8 million was provincial. This includes the depreciation on schools, hospitals, roads and other public facilities. The calculation was based upon a number of assumptions and cannot, of course, be defended as being completely accurate. Nevertheless, it indicates the probable and reasonable cost of maintaining public assets in the Province as nearly as we can ascertain it. It is interesting to note that in the Brief presented to this Commission on behalf of the Government of the Province of Newfoundland depreciation and obsolescence is estimated at \$5.0 million for the fiscal year 1956-57.

By adding to the ordinary expenditure of 1956-57 the estimated depreciation allowance of that year, we obtain an estimate of the total cost of the levels and standards of public service reached in 1956-57. This total cost consists of a number of elements and can be set out as follows:

| | \$000 |
|--|--------|
| Provincial net ordinary expenditure excluding debt retirement, subsidies to municipalities and capital grants for schools and hospitals, Appendix I, Table 1 | 35,099 |
| Estimated depreciation on the stock of provincial capital, Appendix I, Table 7 | 4,838 |
| Municipal net ordinary expenditure, Appendix I, Table 2 | 2,678 |
| Estimated depreciation on the stock of municipal capital, Appendix I, Table 9 | 395 |
| Estimated voluntary contribution to maintenance and operation of schools, Appendix I, Table 5 | 1,000 |
| Estimated depreciation on that part of the stock of schools built by voluntary contributions, Appendix I, Table 9 .. | 360 |
| Total requirements in 1956-57 | 44,370 |

Having established the total annual expenditure necessary, on the basis of 1956-57 figures, to continue the levels and standards of public services reached subsequent to Union, we turn next to the problem of whether revenue sufficient for these needs will be available to the Province of Newfoundland without resorting to taxation more burdensome than that obtaining in the Maritime Provinces generally.

CHAPTER IV

The Burden of Taxation

In the last chapter we calculated, on the basis of 1956-57 expenditures, how much would be required to continue public services at the levels and standards reached subsequent to the date of Union. In this chapter our task will be to determine how much Newfoundland could raise from its own revenue sources "without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island".

The concept of burdensomeness in relation to capacity to pay is not easy to come to grips with in this instance. The real difficulty is that a large part of provincial and municipal taxation is, in fact, payment for service and that we cannot speak of burden without relating it to what it buys. Where a large element of redistribution is involved in a tax system or where the benefits received by the taxpayer are either remote or small in relation to the tax paid, the concept of burdensomeness has greater applicability. However, over a wide range of provincial and municipal finance, this is not the case.

If, for example, a tax of twenty cents a gallon on gasoline takes 10 per cent of all income but buys a network of super highways in one province, who is to say that this tax is more burdensome than a five cent a gallon tax on gasoline which takes 5 per cent of all income in a province of poor roads?

In so far as provincial and municipal taxes are really payments for services, we must be careful, therefore, lest we fall into the error of applying the word "burden" to the price which a free people impose upon themselves for the collective provision of goods and services, while making no such judgment about the prices paid for goods and services in the free market. For example, people with lower incomes pay the same price for a loaf of bread as those with higher incomes. Again, is it more burdensome for a man to pay a tax of fifteen cents a gallon on gasoline so that he may have a road to travel on than it is for him to pay fifteen cents for any good or service purchased from the business community?

We have seen that it is hardly accurate to apply the word "burdensome" to the part of provincial and municipal levies which is really a payment for services. Apart from this there is the further problem of deciding at what point taxes represent equal burden on incomes of different size. There is no agreement among authorities on this. It will also be necessary to know how far we wish to recognize the basic requirements of

subsistence in a calculation of tax burden. We can examine these questions from the standpoint of theory and we can see how they have been met in our own tax system.

If we seek the answer to these problems in the actual working of the Canadian tax system, federal, provincial and municipal, it is very difficult to reach a conclusion. The progressive income tax is combined with other types of taxation, some of which are regressive in relation to income and some of which are proportional. There is evidence that the Canadian tax system as a whole, federal, provincial and municipal, is progressive at higher levels of income because of the importance at these levels of the progressive income tax. However, the range of income at which progressive taxation is known to apply in this country would take in a relatively small part of the income distribution of Newfoundland. Moreover, the progressive features of the Canadian tax system are confined very largely to the federal field, and balance to some extent the effect of provincial and municipal levies. In general, it may be said that the very poor are not exempt from taxation in the Canadian tax system but that the taxes they pay are small in relation to the transfer payments they receive. At slightly higher levels of income, however, but before the progressive income tax takes effect, there is probably a significant net tax payment.

Our problem is also complicated by the fact that we are not to relate the burden and tax-paying capacity of individuals as such but of the entire group of individuals in Newfoundland with the entire group of individuals in the Maritime Provinces. As mentioned above, this is hardly possible because the services of the two areas are different, unless we assume that payment for services is a negligible part of provincial and municipal levies. We will not concern ourselves with how the load of taxation is distributed within each of the regions—although this affects burden—but only with the relationship of taxation to aggregate regional income.

Despite these difficulties, we are faced with the problem of relating the tax burdens of the two regions to their capacity to pay. In a simple and reasonable view, capacity to pay varies chiefly with income. Whether we are assessing the tax-paying capacity of an individual or a region, we shall have to start with income. The more income an individual receives, the more he can pay in taxes. The important question is, how much more can an individual pay as his income rises without affecting his tax burden? This question is obviously related to our view about the requirements for subsistence. Most of the discussion about the correct basis on which to measure burden will, therefore, centre about two matters: the question of allowing a minimum of income below which no taxation should apply, and the question of whether taxation beyond the exempted minimum should be at proportional or progressive rates. We decided to treat the

Royal Commission on Newfoundland Finances

problem in a partly theoretical, partly practical manner and worked out the relationship between burden and tax-paying capacity on several different bases.

Before making the actual comparisons of burden in relation to capacity to pay, certain elements of provincial and municipal revenues were excluded. It has been argued that the alienation of Newfoundland's resources in earlier times very considerably restricted the future revenue possibilities and that the Province cannot, therefore, expect the same amount of revenue from natural resources as is obtainable from comparable resources in the Maritime Provinces. More important, it seemed to us, was the consideration that revenue from the bounty of nature should not be confused with tax burden. Accordingly, in calculating the tax burden, the revenues from natural resources were removed from the combined provincial and municipal revenues. At the same time, amounts received from the Government of Canada were excluded since these are not part of the burden imposed by provincial taxing authorities. One further adjustment was made to provincial and municipal revenues. As mentioned in the previous chapter, it was decided that the level of public services in Newfoundland should include that part of educational expenditure financed by voluntary contributions. In calculating the total amount of taxation below we have, therefore, included estimates of the voluntary contribution to the operation and maintenance of established schools as well as the capital contribution to the building and equipping of new schools. These estimates were made on the basis of evidence presented to the Commission on behalf of the Government of Newfoundland.

It is reasonable at the outset to look for some simple and uncomplicated general measure of capacity to pay. Perhaps the simplest of all such measures is aggregate personal income. The use of this measure of capacity to pay as a basis for determining burden can be defended if the average income and the income distribution of the two regions are not greatly different. It may be defended also on the general grounds that, as mentioned above, a great part of provincial and municipal taxation is not really taxation at all but payment for goods and services. The method has, of course, certain limitations which we will deal with later.

The following table indicates the comparable burdens of taxation, using the simple aggregate personal income method as the measure of capacity to pay. It can be seen from this table that the Maritime Provinces, taken as a group, collected 9.4 per cent of their aggregate personal income in the form of provincial and municipal taxes in the year 1956, while Newfoundland collected 7.4 per cent of aggregate personal income. If Newfoundland had collected the same percentage of total personal income as the Maritime Provinces, namely 9.4 per cent, Newfoundland's tax collections would have been \$5,954,000 greater.

The Burden of Taxation

Calculation of Capacity to Pay and Tax Burden on Basis of Aggregate Personal Income, 1956

| | P.E.I. | N.S. | N.B. | Maritimes | Nfld. |
|--|--------|--------|--------|-----------|--------|
| Total personal income, 1956 (\$ million) | 76 | 694 | 509 | 1,279 | 305 |
| Population (000)..... | 99 | 695 | 555 | 1,349 | 415 |
| Per capita personal income (\$). | 768 | 999 | 917 | 948 | 735 |
| Total provincial and municipal revenue, 1956 (\$000)..... | 9,684 | 85,753 | 79,904 | 175,341 | 40,070 |
| Deduct revenue from: | | | | | |
| natural resources..... | 17 | 1,641 | 4,289 | 5,947 | 830 |
| Government of Canada..... | 3,816 | 25,557 | 20,241 | 49,614 | 17,884 |
| | 5,851 | 58,555 | 55,374 | 119,780 | 21,356 |
| Add: estimated voluntary contributions to building, operation and maintenance of schools..... | | | | | 1,360 |
| Total revenue from provincial sources (excluding natural resources) (\$000) | 5,851 | 58,555 | 55,374 | 119,780 | 22,716 |
| Per capita revenue from provincial sources (excluding natural resources) (\$). | 59.10 | 84.25 | 99.77 | 88.79 | 54.74 |
| Percentage of per capita revenue from provincial sources (excluding natural resources) to per capita personal income..... | 7.7 | 8.4 | 10.9 | 9.4 | 7.4 |
| Yield from Newfoundland tax sources (excluding natural resources) at Maritime rate of 9.4% of personal income (\$000)..... | | | | | 28,670 |
| Actual Newfoundland collections in 1956 (\$000)..... | | | | | 22,716 |
| Increased yield at Maritime rates..... | | | | | 5,954 |

The use of aggregate personal income as a basis for comparing burdens of taxation has, in this instance, marked limitations. The proportion of persons in the low-income group is considerably higher in Newfoundland than in the Maritime Provinces and the average per capita income in Newfoundland is substantially lower. This means that the average Newfoundlander, after meeting the needs of subsistence, has less income left with which to pay taxes than the average Maritimer.

Because of the limitations of the aggregate personal income method we decided to construct a second method of comparison, applying a basic exemption to the income distributions of Newfoundland and the Maritime Provinces. As mentioned above, the needs of subsistence must be recognized as having a bearing upon tax-paying capacity. But how much the exemption ought to be to give proper weight to the needs of subsistence is a matter of judgment. The particular level of subsistence, to be allowed before taxation, will change over the years just as other social concepts change. The exemption chosen is usually a compromise between the practical needs of raising revenue for public purposes and the desire to ease the burden on the lower-income groups. Having in mind prevailing Canadian practice as well as what would seem to serve the ends of social justice, the Commission felt that an exemption of \$500 per capita for

Royal Commission on Newfoundland Finances

persons seventeen years of age and over and an exemption of \$150 per capita for children sixteen years of age and under would be reasonable exemptions to use in comparing, for provincial and municipal purposes, the tax-paying capacity of Newfoundland with that of the Maritime Provinces. We believe that the exemption should be lower for children because certain family costs do not rise in direct proportion to the numbers in the family. We have chosen seventeen years of age as the age at which to apply the adult exemption because a good proportion of the youth will be working at this age. The family allowance payments stop at age sixteen. Such exemptions mean that an average family in Newfoundland would have an exemption of \$1,588, being made up of \$1,000 for man and wife, \$260 on account of children seventeen years of age and over, and \$328 for children sixteen years of age and under. The comparable Maritime exemption would be \$1,471, being made up of \$1,000 for man and wife, \$210 for children seventeen years and over, and \$261 for children sixteen years and under.

These exemptions do not represent a high standard of living. But we consider that, having regard to the general level of incomes in the area and the necessity of carrying on certain public services by co-operative endeavour through provincial and municipal governments, it is impracticable to use higher exemptions for this purpose.

There has been a good deal of discussion about the effect on tax-paying capacity of the higher cost of living in Newfoundland. We have accepted the view that living costs are higher in Newfoundland by about 10 per cent and have accordingly raised the Newfoundland exemptions by that amount in the example below. This means that the Newfoundland exemptions of \$1,588 are raised by 10 per cent to \$1,747 for the average family of two adults, 2.19 children sixteen years and under, and .52 children seventeen years and over. This allowance for the higher cost of living in Newfoundland is designed to allow the Newfoundlander the same level of subsistence as the Maritimer before attempting a measurement of taxable capacity.

In order to apply a basic exemption to the incomes of Newfoundland and the Maritime Provinces with complete accuracy, we would need more reliable information on the income distribution of the two regions than at present available. The statistical information on the income distribution of Newfoundland and the Maritime Provinces is sketchy, being based on a sample survey of rather small size. The actual income distribution indicated by this sample survey does not conform to what might be regarded as the normal or expected shape of such distributions and can only be used, therefore, with caution and for limited purposes. However, it does give a general indication of the income distribution, and we have taken it as the best available indication of the approximate proportion of the population below the exemption level which we have chosen.

The Burden of Taxation

The Dominion Bureau of Statistics sample survey of 1954 showed that 36.1 per cent of the unattached individuals in Newfoundland had an income of less than \$500 per annum and 33.9 per cent of families had an income of less than \$1,500 per annum. These two groups together comprise about 34 per cent of the population and earn about 10 per cent of the income. For the three Maritime Provinces, 31.9 per cent of the unattached individuals had incomes of less than \$500 while 25.7 per cent of families had incomes of less than \$1,500, and together these two groups made up about 26 per cent of the population and earned 8 per cent of total income.

Since we decided on exemptions of \$500 for each person seventeen years and over and \$150 for each person sixteen years and under, the effect, as we have seen, is to exempt all income of single persons who make less than \$500 per annum and all family income of less than \$1,747 in Newfoundland and \$1,471 in the Maritime Provinces. For practical purposes, therefore, we exempt all income of less than \$500 per annum for unattached individuals and all income of less than \$1,500 for families because the amount of this income and the number of people involved can be derived from the D.B.S. sample survey. For those whose incomes are above these amounts the total exemption is simply calculated on the basis of \$500 per person seventeen years of age and over and \$150 per person sixteen years and under. In the case of Newfoundland these exemptions were increased by 10 per cent to allow for the higher cost of living.

The general conclusion indicated by the D.B.S. sample survey of 1954, that there is a somewhat greater proportion of Newfoundland's population in the income brackets under \$1,500 per annum, is supported by the results of a sickness survey conducted by the Health and Welfare Division of the Dominion Bureau of Statistics in 1950-51 and quoted at page 115 of the Newfoundland Brief. The results of that survey show that in 1951, 47 per cent of the families of the three Maritime Provinces had incomes of less than \$1,500 per annum while 57 per cent of Newfoundland families had incomes of less than \$1,500. These percentages are much higher than the results indicated by the 1954 D.B.S. sample survey. However, between 1950 and 1954 personal income per capita in Newfoundland rose by more than 30 per cent so that the two sets of data are not inconsistent. Although it is almost certain that the income advance since 1954 will have again reduced the proportion of families with less than \$1,500 income per annum, we have decided to use the 1954 percentages for want of more up-to-date data.

The exemptions were applied in the following manner. For Newfoundland 10 per cent of aggregate personal income was deducted and for the Maritimes 8 per cent was deducted. For those with incomes above \$500 per individual and \$1,500 per family the calculation was on a per capita basis with an allowance of 10 per cent for the higher cost of living in the

Royal Commission on Newfoundland Finances

case of Newfoundland. If we accept the fact that there are 34 per cent of the people in Newfoundland below the exemption limits, then 66 per cent are above the exemption limits and these are divided into 121,544 persons sixteen years and under and 152,405 persons seventeen years and over. Similarly, the 74 per cent of the population above the exemption limits in the Maritimes is comprised of 386,827 persons sixteen years and under and 611,150 persons seventeen years and over. The exemptions for these persons are calculated as shown in the table below.

Calculation of Capacity to Pay and Tax Burdens on Basis of Aggregate Personal Income, 1956, after exemptions

| | Maritimes | Newfoundland |
|---|-----------|--------------|
| Population, 1956 (000)..... | 1,349 | 415 |
| Personal income, 1956, (\$ million)..... | 1,279 | 305 |
| Deduct: | | |
| all income of unattached individuals earning under \$500 and families earning under \$1,500..... | 102 | 30 |
| exemptions—adults at \$500..... | 306 | 76 |
| —children at \$150..... | 58 | 18 |
| adjustment for cost of living at 10%..... | | 10 |
| Taxable personal income, 1956 (\$ million)..... | 813 | 171 |
| Per capita taxable personal income (\$)..... | 603 | 412 |
| Per capita revenue from provincial sources (excluding natural resources) (\$)..... | 88.79 | 54.74 |
| Per capita revenue from provincial sources (excluding natural resources) as a percentage of per capita taxable income..... | 14.7 | 13.3 |
| Yield from Newfoundland tax sources (excluding natural resources) at Maritime rate of 14.7% of taxable personal income (\$000)..... | | 25,137 |
| Actual Newfoundland collections, 1956 (\$000)..... | | 22,716 |
| Increased yield at Maritime rates (\$000)..... | | 2,421 |

It will be seen that the per capita taxable income as calculated above is \$603 for the Maritimes compared with \$412 for Newfoundland. Newfoundland's per capita revenue from provincial sources amounts to 13.3 per cent of taxable personal income, while Maritime tax collections amount to 14.7 per cent of taxable personal income as calculated above. This means that if Newfoundland had collected the same percentage of personal taxable income in 1956 as was collected in the Maritime Provinces, a further \$2,421,000 would have been raised. Because of the limitations of the data this cannot be regarded as indicating a significant difference between the tax burdens of the two regions.

The above method for calculating relative tax burdens is based upon the use of proportional rather than progressive rates above the exemption limit. It may be contended by some that the income remaining after exemption should be subject to progressive rates, i.e. the percentage taken should rise as income rises. In our view the progressive feature is not applicable in comparing the provincial revenue systems under review.

The Burden of Taxation

Under the existing federal-provincial tax arrangements the provinces have rented their progressive tax fields to the Federal Government and consequently do not have these sources available for their own purposes.

The above methods of relating tax burdens to capacity to pay are both general comparisons based upon some measurement of income. There is another method for testing the severity of taxation and that is to compare the actual taxes and rates in existence in the Maritime Provinces with those used in Newfoundland. There are many limitations to this method. The major fault is that unless the two economies are identical in structure, the same rates of tax will not produce the same results. For example, a tax on gasoline may yield very well in one province where the highway system is highly developed whereas the same rate of tax would yield very little in a province where roads are virtually non-existent. To some extent, this difficulty is encountered in comparing the Newfoundland gasoline tax with the gasoline tax in the Maritime Provinces. The fact that the two rates are almost the same does not in this instance mean equal burden since the application of the rate is quite different. Because of such variations, each jurisdiction tends to develop the taxes which meet its needs and which are most productive in the circumstances in which it must operate. A reflection of this can be seen in the fact that Newfoundland has a 3 per cent sales tax which applies over a very wide range of retail transactions. This sales tax compensates to a very great extent for the fact that real property taxation in Newfoundland is a relatively minor source of revenue, a fact which can be traced to the lack of municipal organization. In the Maritimes, by contrast, substantial revenues are collected from real property taxation and a general sales tax is used only in New Brunswick.

Despite the admitted limitations of this method, it was thought desirable to try to apply the Maritime rates of taxation to the Newfoundland tax base to see how the results would compare with what Newfoundland collects under its own tax system. The results of this comparison are given below. A description of the methods used is given in Appendix III.

The results of this comparison indicate that the application of Maritime rates to the Newfoundland tax base could be expected to produce revenue of \$2,141,000 less than Newfoundland's own revenue structure produced in 1956-57. This is after making allowance for an estimated voluntary contribution to education of \$1,360,000. The chief reason for this result is that there is no ready method of making up the revenue loss which results from reducing the Newfoundland sales tax to the Maritime rates. Because of the lack of municipal organization in Newfoundland, we have no adequate idea of the tax base for real property and this revenue was quite conservatively estimated. Apart from the

Royal Commission on Newfoundland Finances

Estimated Newfoundland Tax Yields at Maritime Rates Compared with Actual Collections in 1956-57.

| | Newfoundland 1956-57 Collections | Yield at Maritime Rates | Increase (+) or Decrease (-) at Maritime Rates |
|--|--|-------------------------------|---|
| | (\$000) | (\$000) | (\$000) |
| Sales taxes..... | 8,343 | 2,440 | -5,903 |
| Motor fuel taxes..... | 3,959 | 3,717 | -242 |
| Motor vehicle licences..... | 1,418 | 1,518 | +100 |
| Liquor control..... | 3,828 | 5,506 | +1,678 |
| Property taxes..... | 2,268 | 5,306 | +3,038 |
| Poll taxes..... | 110 | 658 | +548 |
| Other taxes, licences and fees..... | 1,430 | 1,430 | — |
| Sub-total taxes and licences (excluding natural resources)..... | 21,356 | 20,575 | -781 |
| Estimated local voluntary contributions to building, operation and maintenance of schools..... | 1,360 | nil | -1,360 |
| Total revenue from Newfoundland sources (excluding natural resources)..... | 22,716 | 20,575 | -2,141 |

possibility of increased revenue from real property taxation and a considerable increase in revenue from liquor control if profit margins were raised to the Maritime levels, other rates seem comparable. But, as we have suggested, the fact that the taxes are at the same specific amount or percentage rates does not necessarily mean that they produce the same burden since differences between the two regions may render their applicability and effects quite different.

Conversely we can test the severity of the Newfoundland rates by attempting to apply them to the Maritime tax base. The same limitations naturally apply here as applied to the application of Maritime rates to the Newfoundland tax base. The method of calculating the possible yield of the sales tax is a good example of the limitations. Since the actual value of sales on which retail sales tax would apply is not known, the yield of the sales tax was related to personal income. This assumes a constant relationship between taxable sales and personal income. The assumption is quite critical because of the difference in sales tax rates in the two areas. A similar problem arises in real property taxation which is at considerably higher rates in the Maritimes than in Newfoundland. Despite these many obvious limitations, the results are shown below for comparative purposes.

As we have seen, comparisons of the burden of taxation, having regard to capacity to pay, may be attempted in any one of several ways. The comparison made above on the basis of personal income without exemption would indicate that Newfoundland is at present less heavily taxed than the Maritime Provinces but as we have pointed out that method is subject to marked limitations. On the other hand, the comparison made

The Burden of Taxation

Calculation of Maritime Provinces' Tax Yields at Newfoundland Rates Compared with Actual Collections in 1956-57

| | Maritime Provinces 1956-57 Collections | Yield at Nfld. Rates | Increase (+) or Decrease (-) at Nfld. Rates |
|---|---|----------------------------|--|
| | (\$000) | (\$000) | (\$000) |
| Sales taxes..... | 10,274 | 35,045 | +24,771 |
| Motor fuel taxes..... | 25,469 | 27,129 | + 1,660 |
| Motor vehicle licences..... | 9,400 | 8,780 | - 620 |
| Liquor control..... | 19,514 | 14,872 | -4,642 |
| Property taxes..... | 45,244 | 24,362 | -20,882 |
| Poll taxes..... | 2,584 | 431 | -2,153 |
| Other taxes, licences and permits..... | 7,295 | 7,295 | — |
| Total revenue from provincial sources (excluding natural resources)..... | 119,780 | 117,914 | -1,866 |
| Voluntary contributions to education esti- mated at \$3.28 per capita as in New- foundland..... | nil | 4,425 | +4,425 |
| Total revenue from provincial sources (excluding natural resources)..... | 119,780 | 122,339 | +2,559 |

on the basis of personal income after the deduction of a basic exemption and an allowance for differences in the cost of living indicates no significant difference in tax burdens. This latter comparison is based on fairer and more reasonable assumptions than the first and its results appear to be borne out by the calculation of what existing Maritime rates would yield if applied to the Newfoundland tax base as well as by what existing Newfoundland rates would yield if applied to the Maritime tax base. None of these methods of comparison should be pushed to extreme lengths. The results all follow directly from our assumptions as to what is a fair method of comparison, and the choice of the method of comparison must remain a matter of judgment.

With the above considerations in mind, we have come to the conclusion that the burdens imposed by the present tax systems of Newfoundland and the Maritime Provinces are of the same order and that, for the purposes of our Inquiry, we should regard the burdens as approximately equal. We have based our decision on the two comparisons which we believe to be most reasonable for relating provincial and municipal tax burdens and capacity, namely, the comparison based on personal income with a modest exemption and the comparison based either on the application of existing Maritime tax rates to the Newfoundland economy or of existing Newfoundland tax rates to the Maritime economy.

Although we judge these burdens approximately equal in a mathematical sense, there is in our view an element of burden not measurable in this way and for which some allowance should be made. This element involves special factors, which will be dealt with later.

CHAPTER V

Findings and Recommendations

We shall now proceed to examine whether the present tax system in Newfoundland will at existing rates produce revenue sufficient to continue public services at the levels and standards reached in 1956-57. The table below sets out the total provincial and municipal requirements for the year 1956-57 as well as the provincial and municipal revenues of that year.

| | \$000 |
|--|--------------------|
| <hr/> | |
| Newfoundland Expenditure Requirements, 1956-57 | |
| Provincial net ordinary expenditure excluding debt retirement, subsidies to municipalities and capital grants for schools and hospitals, Appendix I, Table 1 | 35,099 |
| Estimated depreciation on the stock of provincial capital, Appendix I, Table 7 | 4,838 |
| Municipal net ordinary expenditure, including the estimated voluntary contribution to maintenance and operation of schools, Appendix I, Tables 2 and 5 | 3,678 |
| Estimated depreciation on the stock of municipal capital, including that part of the stock of schools built by voluntary contributions, Appendix I, Table 9 | 755 |
| Total provincial and municipal requirements 1956-57 | <hr/> 44,370 <hr/> |
| Newfoundland Revenue, 1956-57 | |
| Provincial net ordinary revenue, Appendix II, Table 11 | 36,794 |
| Deduct: transitional grant | 2,250 |
| Municipal net ordinary revenue excluding general subsidies from the Province, Appendix II, Table 12 | 3,276 |
| Estimated voluntary contribution to building, maintenance and operation of schools | 1,360 |
| Total provincial and municipal revenue, 1956-57, excluding the transitional grant of 2,250 | <hr/> 39,180 <hr/> |
| Revenue deficiency, including the transitional grant of 2,250 | 5,190 |

It will be seen from the above table that the total requirements for 1956-57 exceeded the total revenue, exclusive of the transitional grant, by \$5,190,000. In other words, on the basis of 1956-57, the Province would require additional revenue of \$5,190,000 less the transitional grant of \$2,250,000, or \$2,940,000, to continue public services at the levels and standards reached. The transitional grant has been separated because its amount will be reduced from year to year and revenue from this source will disappear entirely in the fiscal year 1961-62.

Findings and Recommendations

The Terms of Reference require the determination of the additional financial assistance necessary to continue public services at the levels and standards reached subsequent to Union. In our view the words "to continue" involve consideration of the future at least as far as to make some assessment of the probable course of revenues and expenditures. While it is impossible to project the expenditure requirements and revenues of the Province into the future, we feel that we should give consideration to the financial position of the Provincial Government as indicated by the estimates for the year 1957-58 furnished to us by the Financial Adviser to the Province. These estimates are set forth in Appendix V and are used in making the calculations shown in the following table.

| | \$000 |
|--|--------|
| Newfoundland Expenditure Requirements, 1957-58 | |
| Estimated provincial net ordinary expenditure excluding debt retirement, subsidies to municipalities, and capital grants for schools and hospitals, Appendix V, Statements 6 and 8 | 41,284 |
| Estimated depreciation on the stock of provincial capital | 4,958 |
| Estimated municipal net ordinary expenditure including the estimated voluntary contribution to maintenance and operation of schools | 3,935 |
| Estimated depreciation on the stock of municipal capital, including that part of the stock of schools built by voluntary contributions | 800 |
| Estimated provincial and municipal requirements in 1957-58 | 50,977 |
| Newfoundland Revenue, 1957-58 | |
| Estimated provincial net ordinary revenue, Appendix V, Statement 5 | 39,307 |
| Deduct: transitional grant | 1,400 |
| Estimated municipal revenue | 3,538 |
| Estimated voluntary contribution to building, maintenance and operation of schools | 1,430 |
| Estimated provincial and municipal revenue in 1957-58, excluding the transitional grant of 1,400 | 42,875 |
| Estimated revenue deficiency, including the transitional grant of 1,400 | 8,102 |

The revenue deficiency indicated by the above table amounts to an estimated \$8,102,000 inclusive of the transitional grant of \$1,400,000 or \$6,702,000 excluding the transitional grant.

It must be borne in mind that the above calculations are based, in so far as they relate to provincial revenues and expenditures, on estimates made early in the last quarter of the fiscal year 1957-58. These are the latest figures available to us. The actual out-turns may be somewhat different. The estimates indicate an increase in revenue over that of the preceding fiscal year but that increase was smaller than that which would have occurred had more normal conditions prevailed. The current recession

Royal Commission on Newfoundland Finances

began to be felt in Newfoundland early in the fiscal year and we do not know how long it will continue. However, we must assume that the recession is no more than a temporary condition. Whether or not, under normal conditions in the future, the revenues will rise sufficiently to meet the expenditures necessary to continue public services at the levels and standards reached is a question which cannot be answered with any degree of certainty on the basis of information now available.

In addition to this uncertainty there are other imponderables which cannot be measured but which affect the burden of taxation and the adequacy of revenue in the future. The economy of Newfoundland is highly vulnerable and is somewhat more dependent upon export industries than is the economy of the Maritime Provinces. For this reason the provincial and municipal revenues in Newfoundland may be subject to greater variation. The amount of accumulated capital and wealth is noticeably smaller in Newfoundland than in the Maritime Provinces. Average per capita money incomes, after the exemptions we have allowed in our calculations, are lower. This difference in incomes is greater in real terms because of the higher cost of living in Newfoundland. The special factors concerning accumulated capital and real incomes affect tax-paying capacity and tax burden, but these effects cannot be measured statistically.

After giving consideration to the deficiency in revenue indicated by our calculations for the fiscal years 1956-57 and 1957-58 and after attempting to make a fair and equitable assessment in respect of the uncertainties and special factors mentioned above, we find that the Government of the Province of Newfoundland requires, as from April 1957, additional financial assistance of \$8,000,000 per annum, less the transitional grant while it applies, "to enable it to continue public services at the levels and standards reached subsequent to the date of Union, without resorting to taxation more burdensome, having regard to capacity to pay, than that obtaining generally in the region comprising the Maritime Provinces of Nova Scotia, New Brunswick and Prince Edward Island". Accordingly we recommend additional financial assistance as follows:

| | |
|--|-------------|
| (a) for the fiscal year beginning April 1, 1957, \$8,000,000 less the transitional grant of \$1,400,000 or | \$6,600,000 |
| (b) for the fiscal year beginning April 1, 1958, \$8,000,000 less the transitional grant of \$1,050,000 or | \$6,950,000 |
| (c) for the fiscal year beginning April 1, 1959, \$8,000,000 less the transitional grant of \$700,000 or | \$7,300,000 |
| (d) for the fiscal year beginning April 1, 1960, \$8,000,000 less the transitional grant of \$350,000 or | \$7,650,000 |
| (e) thereafter \$8,000,000 per annum. | |

ALL OF WHICH WE RESPECTFULLY SUBMIT
FOR YOUR EXCELLENCY'S CONSIDERATION.

John B. McQuinn

Chairman

Albert J. Walsh

John J. Deutsch

G. Sinclair Ahl

Secretary

MAY 31, 1958;

APPENDIX I

PROVINCIAL AND MUNICIPAL EXPENDITURE
AND
THE LEVELS AND STANDARDS
OF PUBLIC SERVICE
NEWFOUNDLAND

APPENDIX I

Basic Data and Methods of Calculation

The general theoretical approach to the problem of measuring the levels and standards of public service has been dealt with in Chapter III of the Report, where some of the practical problems were also raised. This section is concerned with the methods of calculation and the figures upon which the calculations are based.

Financial Data

The calculations are based upon the figures of provincial and municipal expenditure drawn from D.B.S. sources or from the financial information presented to the Commission by the Government of Newfoundland and included in Appendix V. However, for purposes of calculating the levels and standards of public service the following necessary adjustments were made to these basic figures.

- (a) Certain items of expenditure were transferred from ordinary expenditure to capital expenditure because they were of a type which result in the creation or acquisition of capital assets and from which there is a flow of service in the future. For the Province this transfer involves grants for building and equipping schools and grants to non-government hospitals, and for the municipalities it involves capital expenditure charged to revenue. In the normal course of events provincial ordinary expenditure will also include a certain amount of capital expenditure. However, it would require a tremendous amount of research and investigation to make a reasonable attempt at extracting these capital items from ordinary expenditure and this was not practicable.
- (b) Expenditures have been adjusted by adding the amounts of federal grants-in-aid for such things as health and hospitals, Trans-Canada Highways, vocational education. The reason for this adjustment is that the level of a public service in a province is not entirely dependent upon provincial or municipal expenditure but depends as well upon funds supplied by the Federal Government. Unless the gross figures are used, the flow of public service will be understated and moreover if there is a change over time in the division of responsibility between Province and Federal Government, the trend will be distorted.
- (c) Debt charges are excluded from ordinary expenditure in the calculation of the level of public service in order to avoid double counting. Debt charges are either the result of capital expenditure or the result of deficits on current account. In so far as they are

Royal Commission on Newfoundland Finances

the result of capital expenditure, our calculation of the flow of service takes them into account because it includes interest on the present value of the stock of capital. In so far as they are the result of current deficits, it should be observed that the actual expenditure from which the deficits arose is fully reflected in our calculation of the level of service from ordinary expenditure on roads, education, health etc.; and we could not add to the level of service thus calculated a purely financial charge.

- (d) In calculating the level of service from municipal ordinary expenditure an estimate of the local voluntary contribution to the operation and maintenance of schools was included. This was done because in Newfoundland the schools are operated by the churches and supported locally through the churches to a very considerable extent. If no allowance were made for this local contribution, the level of educational service in Newfoundland would be considerably understated. The Newfoundland Royal Commission on Revision of the Financial Terms of Union estimated that local contributions would amount to 15-20 per cent of provincial grants. Study of the data in the Appendix of their Report indicates that for Roman Catholic schools the contributions for current purposes average \$21.33 per pupil in urban areas and \$4.89 per pupil in rural areas. On the basis of further information received from the Superintendents of Education in Newfoundland, the average contribution to maintenance and operation has been estimated at \$7.65 per pupil for Church of England schools and \$8.22 per pupil for United Church schools. Assuming the average per pupil contribution in other schools to be the average of the United Church and Church of England contributions, the weighted average contribution for the Province is estimated at \$8.98 per pupil. On the basis of an estimated 108,000 enrolment for 1956-57, this would give a total local voluntary contribution to maintenance and operation of schools of \$969,840 which has been rounded for these purposes to \$1 million. This estimate was approved by the Newfoundland Council of Education.

Similarly, in calculating the flow of service from municipal capital expenditure, an estimate was made of the local voluntary contribution to building and equipping schools. It was generally agreed in evidence before the Commission that the local voluntary contribution to the building and equipping of schools was, on the average, as large as the provincial capital grants for that purpose. We have, therefore, included as the estimated local contribution to capital expenditure for schools an amount exactly equal to the provincial capital grants as shown in Table 6.

Methods of Calculation

Because of the very considerable price rise in the period under review, it was necessary to give some attention to placing the expenditures of each year on a comparable basis, that is, to expressing them in constant dollars. The actual price indices used for this purpose were supplied by the Dominion Bureau of Statistics. The D.B.S. has received provincial payroll information since 1952 and this was the basis of the deflation of salaries and wages. This had to be linked to earlier information from the provincial Public Accounts and from the provincial Estimates in order to carry this series back to 1949. The index was constructed on the basis of the movement in the average salary or wage and assumes that there has been no change in the quality of civil servants of a particular category and no change in the composition of the public service. Other public expenditure was reduced to constant dollars by what appeared to be the most appropriate index in each case: the index of highway construction cost, the index of non-residential construction cost, and the consumer price index each being used for different parts of the calculation. It should be observed that the indices of highway construction cost and non-residential construction cost and the payroll information are also used by the Dominion Bureau of Statistics in deflating government expenditure for National Accounts purposes.

The calculation of the flow of service from capital assets was based on the assumption of a 5 per cent rate of interest and a fifty-year life for all assets except roads and streets which were assumed to last 25 years. The total flow of service from capital was calculated as being equal to 5 per cent of the outstanding capital at the end of the year plus the depreciation allowance for that year.

The calculation of the depreciation allowance was based on the assumption that the existing capital stock was, on the average, half worn out at the date of Union and that it would continue to decline at an even rate of 2 per cent of its original value per annum for all assets except roads and streets where the rate of depreciation used was 4 per cent. These rates of depreciation appear to correspond fairly closely with the general practice and with the presentation made by the Newfoundland Government to this Commission.

One of the most difficult tasks was to try to establish the actual capital stock in existence at the beginning of the period under review. For this purpose the basic figures used were the figures of the Dominion Bureau of Statistics or other official sources which showed numbers of class-rooms, numbers of miles of road, and capacity of hospitals in the Province. These units were valued at the current value to find the aggregate capital in existence in 1949 expressed in 1956 dollars. For example, the Dominion Bureau of Statistics shows 2,286 class-rooms in Newfoundland in 1949. The Newfoundland Government, in presenting its Brief to the Commission,

Royal Commission on Newfoundland Finances

indicated an average current cost per class-room of about \$12,500. The total original value of the stock of schools in 1949 valued at 1956 prices was, therefore, $12,500 \times 2,286$; and assuming them to be half depreciated, the capital stock from which there could be a flow of educational service would amount to $\frac{\$12,500}{2} \times \frac{2,286}{1} = \$14,290,000$. Half of this amount

was assumed to have arisen from local contributions and was, therefore, treated with municipal capital.

The estimate of the capital value of hospitals was based on information supplied by the Department of National Health and Welfare at Ottawa. This information indicated that the rated bed capacity of all hospitals at the beginning of 1949 was 1,614. The Newfoundland Brief uses \$10,000 as the average cost per hospital bed. On this basis and assuming the stock of hospitals to have been half depreciated in 1949, the capital value in 1949 was $\frac{\$10,000}{2} \times \frac{1,614}{1} = \$8,070,000$ in terms of 1956 dollars.

Similarly, the Dominion Bureau of Statistics reports 1,733 miles of surfaced highway in Newfoundland at the beginning of 1949, of which 1,620 miles was gravelled and 113 miles paved. The Newfoundland Brief at page 92 states that gravel roads cost about \$40,000 per mile. Other information suggested that some of the gravel roads existing at the time of Union may not have been up to this standard; but, on the other hand, there was a small mileage of paved road which was more valuable. With these factors in mind, it was decided to use \$40,000 per mile as the average cost per mile, in 1956 dollars, of the 1949 mileage of surfaced highways. Assuming these roads to have been half depreciated, the capital value from which there could be a flow of service in 1949 was therefore $\frac{40,000}{2} \times 1,733 = \$34,660,000$ in 1956 dollars.

An allowance of slightly more than \$2 million was made for other buildings and capital assets and this allowance was quite arbitrary. It should be noted, however, that the Newfoundland Brief sets forth rather small capital requirements except for the functions mentioned above—hospitals, schools and roads.

As far as municipal capital assets are concerned no information was readily available which would provide a basis for a reasonable judgment of the total value of municipal assets. It was assumed that municipal capital assets would amount to two to three times municipal annual ordinary expenditure. This quite arbitrary estimate was based on the results of certain research in income and wealth which indicates that capital values for society as a whole may run to two to three times annual product or expenditure. It may be noted that the calculation of capital assets as carried out with regard to provincial assets produces a figure of \$52 million at the beginning of 1949 which is about two and one-half times provincial ordinary expenditure of \$21.9 million for 1949.

TABLE 1

NEWFOUNDLAND

PROVINCIAL NET ORDINARY EXPENDITURE

1949-1956

(Thousands of Dollars and Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|
| Health and hospital care..... | 4,246 12.30 | 4,057 11.56 | 5,111 14.16 | 5,650 15.10 | 6,293 16.43 | 6,839 17.31 | 7,406 18.24 | 7,789 18.77 |
| Social welfare | | | | | | | | |
| Payments to individuals..... | 5,531 16.03 | 5,326 15.18 | 5,754 15.94 | 4,269 11.41 | 4,418 11.54 | 5,118 12.95 | 4,581 10.53 | 4,371 10.53 |
| Other..... | 744 2.16 | 610 1.73 | 639 1.77 | 1,002 2.68 | 998 2.60 | 931 2.36 | 958 2.36 | 1,095 2.64 |
| Total social welfare..... | 6,275 18.19 | 5,936 16.91 | 6,393 17.71 | 5,271 14.00 | 5,416 14.14 | 6,049 15.31 | 5,539 13.64 | 5,466 13.17 |
| Education..... | 3,900 11.31 | 4,034 11.49 | 4,635 12.84 | 5,324 14.24 | 5,657 14.77 | 7,135 18.07 | 7,843 19.32 | 8,173 19.70 |
| Transportation and communications..... | 1,985 5.76 | 1,978 5.64 | 2,468 6.84 | 2,490 6.66 | 2,951 7.70 | 3,535 8.95 | 3,877 9.55 | 4,430 10.67 |
| Natural resources and primary industries..... | 1,021 2.96 | 1,203 3.44 | 1,536 4.25 | 1,336 3.57 | 1,549 4.04 | 1,643 4.15 | 1,978 4.87 | 1,972 4.76 |
| Trade and industrial development..... | 52 .15 | 85 .24 | 170 .47 | 199 .53 | 186 .49 | 185 .47 | 232 .57 | 296 .71 |
| General government..... | 1,773 5.14 | 1,744 4.97 | 2,017 5.59 | 2,026 5.43 | 2,238 5.84 | 2,550 6.46 | 2,693 6.64 | 3,192 7.69 |
| Protection of persons and property..... | 1,566 4.54 | 1,520 4.23 | 1,612 4.46 | 1,739 4.65 | 2,010 5.25 | 2,067 5.23 | 2,258 5.56 | 2,287 5.51 |
| Local government planning and development..... | 14 .04 | 18 .05 | 30 .08 | 80 .22 | 95 .25 | 91 .23 | 141 .35 | 98 .24 |
| Contributions to local governments..... | 106 .31 | 217 .62 | 256 .71 | 214 .57 | 226 .59 | 291 .74 | 329 .81 | 376 .90 |
| Recreation and cultural services..... | 143 .41 | 127 .36 | 144 .40 | 172 .46 | 165 .43 | 190 .48 | 205 .50 | 160 .39 |
| Debt charges (excluding debt retirement)..... | -284 -.82 | -527 -1.50 | -549 -1.52 | -109 -.29 | 56 .15 | 423 1.07 | 755 1.86 | 1,143 2.75 |
| Other expenditure..... | 181 .52 | 338 .96 | 125 .35 | 284 .76 | 345 .90 | 82 .21 | 113 .28 | 93 .23 |
| Total net ordinary expenditure..... | 20,978 60.81 | 20,735 59.07 | 23,948 66.34 | 24,676 65.93 | 27,187 70.98 | 31,080 78.16 | 33,369 82.19 | 35,475 85.43 |
| Reconciliation with D.B.S. and Statement 6, Appendix V | | | | | | | | |
| Ordinary expenditure per Statement 6..... | 22,022 | 21,383 | 24,862 | 25,774 | 29,490 | 32,116 ¹ | 35,266 | 38,582 |
| Deduct: | | | | | | | | |
| Debt retirement..... | 150 | 140 | 152 | 167 | 454 | 473 | 865 | 1,411 |
| Fishery advances..... | 894 | 508 | 762 | 931 | 929 | 1,085 | 1,032 | 1,696 |
| Capital grants for schools and hospitals..... | | | | | | | | |
| Add: | | | | | | | | |
| Recovery of fishery advances..... | | | | | | 647 | | |
| Total net ordinary expenditure as above..... | 20,978 | 20,735 | 23,948 | 24,676 | 27,187 | 31,080 | 33,369 | 35,475 |

¹ D.B.S. total is \$2,416 in 1954 because 300 redemption of treasury bills is included.

TABLE 2
NEWFOUNDLAND
MUNICIPAL NET ORDINARY EXPENDITURE
1949-1956
(Thousands of Dollars and Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Esti- mated 1956 ¹ |
|--|-------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------------------------------|
| Health and sanitation..... | 199 .58 | 245 .70 | 281 .78 | 234 .63 | 289 .75 | 271 .69 | 342 .84 | 431 1.04 |
| Social welfare..... | 1 | 1 | | | | | | 1 |
| Education..... | | | | | | 1 | 2 | 2 |
| Public works..... | 287 .83 | 507 1.44 | 435 1.20 | 565 1.51 | 727 1.90 | 715 1.82 | 716 1.77 | 986 2.38 |
| General government..... | 199 .58 | 203 .58 | 249 .69 | 313 .84 | 377 .84 | 376 .95 | 505 1.24 | 610 1.47 |
| Protection of persons and property..... | 74 .21 | 85 .24 | 78 .22 | 113 .30 | 84 .22 | 122 .31 | 155 .38 | 207 .49 |
| Recreation and cultural services..... | 57 .17 | 52 .15 | 60 .17 | 64 .17 | 72 .19 | 68 .17 | 91 .23 | 120 .29 |
| Debt charges (excluding debt retirement)..... | 157 .45 | 146 .42 | 127 .35 | 153 .41 | 161 .43 | 174 .44 | 163 .40 | 124 .30 |
| Other expenditure..... | | 67 .19 | 17 .04 | 95 .25 | 121 .32 | 128 .32 | 174 .43 | 197 .48 |
| Total net ordinary expenditure..... | 974 2.82 | 1,306 3.72 | 1,247 3.45 | 1,537 4.11 | 1,831 4.78 | 1,855 4.70 | 2,148 5.29 | 2,678 6.45 |
| Reconciliation with D.B.S. Expenditure per D.B.S..... | 1,356 | 1,609 | 1,733 | 2,523 | 2,792 | 2,658 | 3,548 | |
| Deduct: | | | | | | | | |
| Capital expenditure charged to revenue..... | 190 | 133 | 241 | 670 | 530 | 433 | 717 | |
| Interest revenue..... | 1 | | 1 | 27 | 27 | 26 | 1 | |
| Debt charges recoverable..... | | | 13 | 34 | 71 | 112 | 228 | |
| Debt retirement..... | 30 | 30 | 30 | 30 | 30 | 34 | 35 | |
| Provincial grants-in-aid..... | 161 | 140 | 201 | 225 | 303 | 198 | 419 | |
| Total net ordinary expenditure as above..... | 974 | 1,306 | 1,247 | 1,537 | 1,831 | 1,855 | 2,148 | |

¹ St. John's actual, and other municipalities estimated on the basis of tax levies as given by Newfoundland Department of Municipal Affairs.

TABLE 3

NEWFOUNDLAND

COMBINED PROVINCIAL AND MUNICIPAL NET ORDINARY EXPENDITURE

1949-1956

(Thousands of Dollars and Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Health, hospital care and sanitation..... | 4,445 12.88 | 4,302 12.26 | 5,392 14.94 | 5,884 15.73 | 6,582 17.18 | 7,110 18.00 | 7,748 19.08 | 8,220 19.81 |
| Social welfare | | | | | | | | |
| Payments to individuals..... | 5,531 16.03 | 5,326 15.18 | 5,754 16.94 | 4,269 11.41 | 4,418 11.54 | 5,118 12.23 | 4,581 11.32 | 4,371 10.53 |
| Other..... | 745 2.16 | 611 1.73 | 639 1.77 | 1,002 2.68 | 998 2.60 | 931 2.36 | 958 2.36 | 1,096 2.64 |
| Total social welfare..... | 6,276 18.19 | 5,937 16.91 | 6,393 17.71 | 5,271 14.09 | 5,416 14.14 | 6,049 15.31 | 5,539 13.64 | 5,467 13.17 |
| Education..... | 3,900 11.31 | 4,034 11.49 | 4,635 12.84 | 5,324 14.24 | 5,657 14.77 | 7,136 18.07 | 7,845 19.32 | 8,175 19.70 |
| Transportation, communications and public works..... | 2,272 6.59 | 2,485 7.08 | 2,903 8.04 | 3,055 8.17 | 3,678 9.60 | 4,250 10.77 | 4,593 11.32 | 5,416 13.05 |
| Natural resources and primary industries..... | 1,021 2.96 | 1,208 3.44 | 1,536 4.25 | 1,336 3.57 | 1,549 4.04 | 1,643 4.15 | 1,978 4.87 | 1,972 4.76 |
| Trade and industrial development..... | 52 .15 | 85 .24 | 170 .47 | 199 .53 | 186 .49 | 185 .47 | 232 .57 | 296 .71 |
| General government..... | 1,972 5.72 | 1,947 5.55 | 2,266 6.28 | 2,339 6.26 | 2,615 6.82 | 2,926 7.41 | 3,198 7.88 | 3,802 9.16 |
| Protection of persons and property..... | 1,640 4.75 | 1,605 4.57 | 1,690 4.68 | 1,852 4.95 | 2,094 5.47 | 2,189 5.54 | 2,413 5.94 | 2,494 6.00 |
| Local government planning and development..... | 14 .04 | 18 .05 | 30 .08 | 80 .22 | 95 .25 | 91 .23 | 141 .35 | 98 .24 |
| Recreation and cultural services..... | 200 .58 | 179 .51 | 204 .57 | 236 .63 | 237 .62 | 258 .65 | 296 .79 | 286 .68 |
| Debt charges (excluding debt retirement)..... | -127 -.37 | -381 -1.08 | -422 -1.17 | 44 .12 | 217 .57 | 597 1.51 | 918 2.26 | 1,267 3.05 |
| Other expenditure..... | 181 .52 | 405 1.15 | 142 .39 | 379 1.01 | 466 1.22 | 210 .53 | 287 .71 | 290 .70 |
| Total combined provincial and municipal net ordinary expenditure ¹ | 21,846 63.52 | 21,824 62.17 | 24,939 69.08 | 25,999 69.52 | 28,792 75.17 | 32,644 82.64 | 35,188 86.67 | 37,777 91.03 |
| ¹ Intergovernmental transfers omitted Province to municipalities..... | 106 | 217 | 256 | 214 | 226 | 291 | 329 | 376 |

TABLE 4
NEWFOUNDLAND
THE LEVELS AND STANDARDS OF PUBLIC SERVICES
As Indicated by Provincial Ordinary Expenditure in Constant (1956) Dollars
1949-1956
(Thousands of Dollars and Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Health and hospital care..... | 6,102 17.69 | 6,477 18.45 | 7,479 20.72 | 7,668 20.50 | 7,870 20.55 | 7,994 20.24 | 8,588 21.15 | 8,734 21.05 |
| Education..... | 6,418 18.60 | 6,415 18.28 | 6,646 18.41 | 7,055 18.86 | 7,242 18.91 | 7,987 20.22 | 8,362 20.60 | 8,313 20.03 |
| Transportation and communications..... | 2,817 8.17 | 2,756 7.85 | 3,241 8.38 | 2,991 8.00 | 3,288 8.58 | 3,707 9.38 | 4,004 9.86 | 4,430 10.67 |
| Welfare payments to individuals..... | 4,490 13.01 | 5,364 15.28 | 4,850 13.43 | 5,295 14.16 | 5,558 14.51 | 6,237 15.79 | 6,598 16.25 | 7,247 17.46 |
| Other expenditure..... | 7,026 20.36 | 7,076 20.16 | 7,175 19.88 | 7,363 19.69 | 8,064 21.06 | 7,865 19.91 | 8,741 21.53 | 9,323 22.47 |
| Total level of service from ordinary expenditure..... | 26,853 77.83 | 28,088 80.02 | 29,391 81.42 | 30,372 81.21 | 32,022 83.61 | 33,790 85.54 | 36,293 89.39 | 38,047 91.68 |
| Reconciliation with Table 1 | | | | | | | | |
| Net ordinary expenditure per Table 1..... | 20,978 | 20,735 | 23,948 | 24,676 | 27,187 | 31,080 | 33,369 | 35,475 |
| Add: | | | | | | | | |
| Federal grants-in-aid..... | 163 | 753 | 773 | 1,727 | 1,790 | 2,063 | 3,132 | 4,091 |
| Deduct: | | | | | | | | |
| Debt charges..... | -284 | -527 | -549 | -109 | 56 | 423 | 755 | 1,143 |
| General subsidies to municipalities..... | 106 | 217 | 256 | 214 | 226 | 291 | 329 | 376 |
| Old age pensions 1949-1951..... | 1,747 | 773 | 1,212 | ..... | ..... | ..... | ..... | ..... |
| Total level of service from ordinary expenditure..... | 19,572 | 21,025 | 23,802 | 26,298 | 28,695 | 32,429 | 35,417 | 38,047 |
| Implicit price index for ordinary expenditure..... | 72.9 | 74.9 | 81.0 | 86.6 | 89.6 | 96.0 | 97.6 | 100 |
| Total level of service from ordinary expenditure in constant (1956) dollars as above..... | 26,853 | 28,088 | 29,391 | 30,372 | 32,022 | 33,790 | 36,293 | 38,047 |

TABLE 5

NEWFOUNDLAND

THE LEVELS AND STANDARDS OF PUBLIC SERVICES

As Indicated by Municipal Ordinary Expenditure in Constant (1956) Dollars
1949-1956(Thousands of Dollars and *Dollars per capita*)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Health and sanitation..... | 282 .82 | 341 .97 | 369 1.02 | 281 .75 | 322 .84 | 284 .72 | 353 .87 | 431 1.04 |
| Education ¹ | 490 1.42 | 542 1.54 | 559 1.55 | 630 1.68 | 688 1.80 | 870 2.20 | 947 2.33 | 1,002 2.41 |
| Public works..... | 408 1.18 | 707 2.01 | 571 1.58 | 679 1.82 | 810 2.11 | 749 1.90 | 739 1.82 | 986 2.38 |
| Other expenditure..... | 444 1.29 | 536 1.54 | 501 1.39 | 676 1.81 | 712 1.86 | 710 1.80 | 943 2.32 | 1,135 2.73 |
| Total level of service from ordinary expenditure..... | 1,624 4.71 | 2,126 6.06 | 2,000 5.54 | 2,266 6.06 | 2,532 6.61 | 2,613 6.62 | 2,982 7.34 | 3,554 8.56 |
| Reconciliation with Table 2 | | | | | | | | |
| Net ordinary expenditure per Table 2..... | 974 | 1,306 | 1,247 | 1,537 | 1,831 | 1,855 | 2,148 | 2,678 |
| Add: | | | | | | | | |
| Estimated local contribution to education..... | 415 | 472 | 538 | 621 | 673 | 855 | 932 | 1,000 |
| Deduct: | | | | | | | | |
| Debt charges..... | 157 | 146 | 127 | 153 | 161 | 174 | 163 | 124 |
| Total level of service from ordinary expenditure..... | 1,232 | 1,632 | 1,658 | 2,005 | 2,343 | 2,536 | 2,917 | 3,554 |
| Implicit price index for ordinary expenditure..... | 75.9 | 76.8 | 82.9 | 88.5 | 92.5 | 97.1 | 97.8 | 100 |
| Total level of service from ordinary expenditure in constant (1956) dollars as above..... | 1,624 | 2,126 | 2,000 | 2,266 | 2,532 | 2,613 | 2,982 | 3,554 |

¹ Consists almost entirely of the estimated local contribution to operation and maintenance of schools which has been added to municipal expenditure.

TABLE 6

NEWFOUNDLAND

PROVINCIAL CAPITAL EXPENDITURE

In Current and Constant (1956) Dollars

1949-1956

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|--------|-------|-------|-------|--------|--------|-------|
| Health and hospital care | | | | | | | | |
| Capital expenditure per Statement 7, Appendix V..... | 1,809 | 1,351 | 1,181 | 311 | -139 | 70 | 59 | 444 |
| Add: Capital grants to non-government hospitals ¹ | 475 | 200 | 211 | 247 | 272 | 188 | 166 | 202 |
| Federal grants-in-aid..... | 246 | 393 | 148 | 150 | 250 | 22 | 77 | 34 |
| Total health and hospital care..... | 2,530 | 1,944 | 1,540 | 708 | 383 | 280 | 302 | 680 |
| constant dollars..... | 3,473 | 2,534 | 1,782 | 787 | 413 | 301 | 319 | 680 |
| Education | | | | | | | | |
| Capital expenditure per Statement 7, Appendix V..... | ..... | ..... | ..... | 34 | 31 | 117 | 44 | 175 |
| Add: Capital grants to school boards ² | 419 | 308 | 551 | 684 | 657 | 897 | 866 | 1,494 |
| Federal grants-in-aid..... | ..... | ..... | ..... | ..... | ..... | 232 | 13 | ..... |
| Total education..... | 419 | 308 | 551 | 718 | 688 | 1,296 | 923 | 1,669 |
| constant dollars..... | 580 | 406 | 647 | 793 | 734 | 1,386 | 968 | 1,669 |
| Transportation and communications | | | | | | | | |
| Capital expenditure per Statement 7, Appendix V..... | 2,156 | 3,756 | 3,466 | 2,714 | 3,827 | 6,870 | 7,799 | 6,018 |
| Add: Federal grants for Trans-Canada Highway..... | ..... | 958 | 999 | 527 | 977 | 2,018 | 2,239 | 1,126 |
| Total transportation and communications..... | 2,156 | 4,714 | 4,465 | 3,241 | 4,804 | 8,888 | 10,038 | 7,144 |
| constant dollars..... | 2,879 | 6,067 | 5,228 | 3,597 | 5,160 | 9,496 | 10,522 | 7,144 |
| Other expenditure | | | | | | | | |
| Capital expenditure per Statement 7, Appendix V..... | 90 | 1,046 | 486 | 159 | 10 | 324 | 21 | 464 |
| constant dollars..... | 125 | 1,380 | 570 | 176 | 11 | 347 | 22 | 464 |
| Total capital expenditure | | | | | | | | |
| Capital expenditure per Statement 7, Appendix V..... | 4,055 | 6,153 | 5,133 | 3,218 | 3,729 | 7,381 | 7,923 | 7,101 |
| Add: Grants for capital purposes..... | 894 | 508 | 762 | 931 | 929 | 1,085 | 1,082 | 1,696 |
| Federal grants-in-aid ³ | 246 | 1,351 | 1,147 | 677 | 1,227 | 2,322 | 2,329 | 1,160 |
| Total capital expenditure..... | 5,195 | 8,012 | 7,042 | 4,826 | 5,885 | 10,788 | 11,284 | 9,957 |
| constant dollars..... | 7,057 | 10,387 | 8,227 | 5,353 | 6,318 | 11,530 | 11,831 | 9,957 |

¹ Grants to non-government hospitals for capital purposes, although included in Statement 6, Appendix V as ordinary expenditure, are included here as capital expenditure because they give rise to an increase in social capital from which there is a flow of service.

² Grants for erection and equipment of school buildings, although included in Statement 6, Appendix V as ordinary expenditure, are included here as capital expenditure because they give rise to an increase in social capital from which there is a flow of service.

³ Capital provided from federal grants-in-aid also affects the flow of service.

TABLE 7

NEWFOUNDLAND

THE LEVELS AND STANDARDS OF PUBLIC SERVICES

As Indicated by the Flow of Service from Provincial Capital in Constant (1956) Dollars
1949-1956

(Thousands of Dollars and Dollars per Capital)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Health and hospital care | | | | | | | | |
| Estimated capital at beginning of year..... | 8,070 | 11,185 | 13,308 | 14,642 | 14,961 | 14,901 | 14,728 | 14,574 |
| Add: Capital expenditure during year ¹ | 3,473 | 2,534 | 1,782 | 787 | 413 | 301 | 319 | 680 |
| Deduct: Depreciation at 2% per annum..... | 358 | 411 | 448 | 408 | 473 | 474 | 473 | 477 |
| Estimated capital at year end..... | 11,185 | 13,308 | 14,642 | 14,961 | 14,901 | 14,728 | 14,574 | 14,777 |
| Flow of service from capital ² | 917 | 1,076 | 1,180 | 1,216 | 1,218 | 1,202 | 1,202 | 1,216 |
| | 2.66 | 3.07 | 3.27 | 3.25 | 3.18 | 3.06 | 2.96 | 2.93 |
| Education | | | | | | | | |
| Estimated capital at beginning of year..... | 7,145 | 7,433 | 7,543 | 7,889 | 8,372 | 8,787 | 9,838 | 10,452 |
| Add: Capital expenditure during year ³ | 580 | 406 | 647 | 793 | 734 | 1,386 | 968 | 1,669 |
| Deduct: Depreciation at 2% per annum..... | 292 | 296 | 301 | 310 | 319 | 335 | 354 | 374 |
| Estimated capital at year end..... | 7,433 | 7,543 | 7,889 | 8,372 | 8,787 | 9,838 | 10,452 | 11,747 |
| Flow of service from capital ² | 664 | 673 | 695 | 729 | 758 | 827 | 877 | 961 |
| | 1.92 | 1.92 | 1.93 | 1.95 | 1.98 | 2.09 | 2.16 | 2.32 |
| Transportation and communications | | | | | | | | |
| Estimated capital at beginning of year..... | 34,660 | 34,708 | 37,877 | 40,091 | 40,609 | 42,626 | 48,797 | 55,705 |
| Add: Capital expenditure during year..... | 2,879 | 6,067 | 5,228 | 3,597 | 5,160 | 9,496 | 10,522 | 7,144 |
| Deduct: Depreciation at 4% per annum..... | 2,831 | 2,898 | 3,014 | 3,079 | 3,143 | 3,325 | 3,614 | 3,858 |
| Estimated capital at year end..... | 34,708 | 37,877 | 40,091 | 40,609 | 42,626 | 48,797 | 55,705 | 58,991 |
| Flow of service from capital ² | 4,566 | 4,792 | 5,019 | 5,109 | 5,274 | 5,765 | 6,399 | 6,808 |
| | 13.23 | 13.65 | 13.90 | 13.66 | 13.77 | 14.59 | 15.76 | 16.40 |
| Other provincial services | | | | | | | | |
| Estimated capital at beginning of year..... | 2,140 | 2,179 | 3,459 | 3,912 | 3,966 | 3,854 | 4,077 | 3,973 |
| Add: Capital expenditure during year..... | 125 | 1,380 | 570 | 176 | 11 | 347 | 22 | 464 |
| Deduct: Depreciation at 2% per annum..... | 86 | 100 | 117 | 122 | 123 | 124 | 126 | 129 |
| Estimated capital at year end..... | 2,179 | 3,459 | 3,912 | 3,966 | 3,854 | 4,077 | 3,973 | 4,308 |
| Flow of service from capital ² | 195 | 273 | 313 | 320 | 316 | 328 | 324 | 344 |
| | .57 | .77 | .86 | .86 | .82 | .84 | .80 | .83 |
| All provincial services³ | | | | | | | | |
| Estimated capital at beginning of year..... | 52,015 | 55,505 | 62,187 | 66,534 | 67,908 | 70,168 | 77,440 | 84,704 |
| Add: Capital expenditure during year..... | 7,057 | 10,387 | 8,227 | 5,353 | 6,318 | 11,530 | 11,831 | 9,957 |
| Deduct: Depreciation..... | 3,567 | 3,705 | 3,880 | 3,979 | 4,088 | 4,258 | 4,567 | 4,898 |
| Estimated capital at year end..... | 55,505 | 62,187 | 66,534 | 67,908 | 70,168 | 77,440 | 84,704 | 89,823 |
| Total flow of service from capital..... | 6,342 | 6,814 | 7,207 | 7,374 | 7,566 | 8,130 | 8,802 | 9,329 |
| | 18.33 | 19.41 | 19.96 | 19.72 | 19.75 | 20.53 | 21.68 | 22.48 |

¹ See footnote 1, Table 6.² 8% interest on capital at year end, plus depreciation.³ See footnote 2, Table 6.

TABLE 8
NEWFOUNDLAND
MUNICIPAL CAPITAL EXPENDITURE
In Current and Constant (1956) Dollars
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|-------|------|------|-------|-------|-------|-------|-------|
| Health and sanitation..... | 48 | 10 | 6 | 74 | 62 | 110 | 60 | 311 |
| current dollars..... | | | | | | | | |
| constant dollars..... | 64 | 13 | 7 | 82 | 67 | 118 | 63 | 311 |
| Education ¹ | 419 | 308 | 551 | 684 | 657 | 897 | 866 | 1,494 |
| current dollars..... | | | | | | | | |
| constant dollars..... | 580 | 406 | 647 | 756 | 701 | 959 | 908 | 1,494 |
| Public works..... | 771 | 166 | 162 | 509 | 437 | 406 | 480 | 1,289 |
| current dollars..... | | | | | | | | |
| constant dollars..... | 1,029 | 214 | 190 | 565 | 469 | 434 | 503 | 1,289 |
| Other capital expenditure..... | 30 | 113 | 104 | 63 | 38 | 524 | 425 | 218 |
| current dollars..... | | | | | | | | |
| constant dollars..... | 44 | 150 | 122 | 69 | 40 | 560 | 445 | 218 |
| Total capital expenditure..... | 1,268 | 597 | 823 | 1,330 | 1,194 | 1,937 | 1,831 | 3,312 |
| current dollars..... | | | | | | | | |
| constant dollars..... | 1,717 | 783 | 966 | 1,472 | 1,277 | 2,071 | 1,919 | 3,312 |
| Reconciliation with D.B.S. Capital expenditure charged to revenue per D.B.S..... | 190 | 133 | 241 | 670 | 530 | 433 | 717 | 692 |
| Deduct: Public utilities..... | | | | | | | | |
| Capital expenditure out of capital fund per D.B.S..... | 730 | 257 | 483 | 442 | 600 | 1,866 | 634 | 1,252 |
| Deduct: Public utilities..... | 71 | 101 | 452 | 439 | 556 | 1,259 | 386 | 126 |
| Estimated local contribution to capital expenditure for schools..... | 419 | 308 | 551 | 684 | 657 | 897 | 866 | 1,494 |
| Total capital expenditure as above..... | 1,268 | 597 | 823 | 1,330 | 1,194 | 1,937 | 1,831 | 3,312 |

¹ Consists entirely of estimated local contribution towards building and equipping schools.

TABLE 9

NEWFOUNDLAND

THE LEVELS AND STANDARDS OF PUBLIC SERVICES

As Indicated by the Flow of Service from Municipal Capital in Constant (1956) Dollars
1949-1956

(Thousands of Dollars and Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Health and sanitation | | | | | | | | |
| Estimated capital at beginning of year..... | 668 | 704 | 689 | 669 | 724 | 762 | 851 | 883 |
| Add: Capital expenditure during year..... | 64 | 13 | 7 | 82 | 67 | 118 | 63 | 311 |
| Deduct: Depreciation at 2% per annum..... | 28 | 28 | 27 | 27 | 29 | 29 | 31 | 33 |
| Estimated capital at year end..... | 704 | 689 | 669 | 724 | 762 | 851 | 883 | 1,161 |
| Flow of service from capital ¹ | .18 | .18 | .17 | .17 | .17 | .18 | .18 | .22 |
| Education² | | | | | | | | |
| Estimated capital at beginning of year..... | 7,145 | 7,433 | 7,543 | 7,889 | 8,335 | 8,718 | 9,348 | 9,914 |
| Add: Capital expenditure during year..... | 580 | 406 | 647 | 756 | 701 | 959 | 908 | 1,494 |
| Deduct: Depreciation at 2% per annum..... | 282 | 286 | 301 | 310 | 318 | 329 | 342 | 360 |
| Estimated capital at year end..... | 7,433 | 7,543 | 7,889 | 8,335 | 8,718 | 9,348 | 9,914 | 11,048 |
| Flow of service from capital ¹ | 1.32 | 1.32 | 1.33 | 1.34 | 1.37 | 1.42 | 1.46 | 2.20 |
| Public Works | | | | | | | | |
| Estimated capital at beginning of year..... | 2,403 | 3,219 | 3,204 | 3,163 | 3,490 | 3,708 | 3,879 | 4,109 |
| Add: Capital expenditure during year..... | 1,029 | 214 | 190 | 565 | 469 | 434 | 503 | 1,289 |
| Deduct: Depreciation at 4% per annum..... | 213 | 229 | 231 | 238 | 251 | 263 | 273 | 301 |
| Estimated capital at year end..... | 3,219 | 3,204 | 3,163 | 3,490 | 3,708 | 3,879 | 4,109 | 5,097 |
| Flow of service from capital ¹ | .374 | .389 | .413 | .436 | .457 | .478 | .503 | .556 |
| Other municipal services | 1.08 | 1.11 | 1.08 | 1.10 | 1.14 | 1.16 | 1.18 | 1.34 |
| Estimated capital at beginning of year..... | 869 | 879 | 993 | 1,077 | 1,107 | 1,108 | 1,623 | 2,014 |
| Add: Capital expenditure during year..... | 44 | 150 | 122 | 69 | 40 | 500 | 445 | 218 |
| Deduct: Depreciation at 2% per annum..... | 34 | 36 | 38 | 39 | 39 | 45 | 54 | 61 |
| Estimated capital at year end..... | 879 | 993 | 1,077 | 1,107 | 1,108 | 1,623 | 2,014 | 2,171 |
| Flow of service from capital ¹ | .24 | .24 | .25 | .26 | .25 | .31 | .39 | .41 |
| All municipal services | | | | | | | | |
| Estimated capital at beginning of year..... | 11,085 | 12,235 | 12,429 | 12,798 | 13,656 | 14,296 | 15,701 | 16,920 |
| Add: Capital expenditure during year..... | 1,717 | 783 | 666 | 1,472 | 1,277 | 2,071 | 1,919 | 3,312 |
| Deduct: Depreciation..... | 567 | 589 | 597 | 614 | 637 | 666 | 700 | 755 |
| Estimated capital at year end..... | 12,235 | 12,429 | 12,798 | 13,656 | 14,296 | 15,701 | 16,920 | 19,477 |
| Total flow of service from capital..... | 1,179 | 1,210 | 1,237 | 1,297 | 1,352 | 1,451 | 1,546 | 1,729 |
| | 3.42 | 3.45 | 3.43 | 3.47 | 3.53 | 3.67 | 3.81 | 4.17 |

¹ 5% interest on capital at year end, plus depreciation.² Consists entirely of estimated local contribution to education which has been added to municipal expenditure.

TABLE 10
NEWFOUNDLAND
THE LEVELS AND STANDARDS OF PUBLIC SERVICES
Province and Municipalities Combined
1949-1956
(Constant 1956 Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Health, hospital care and sanitation | | | | | | | | |
| Provincial..... | 17.69 | 18.45 | 20.72 | 20.50 | 20.55 | 20.24 | 21.15 | 21.05 |
| Capital..... | 2.66 | 3.07 | 3.27 | 3.25 | 3.18 | 3.06 | 2.96 | 2.93 |
| Municipal..... | .82 | .97 | 1.02 | .75 | .84 | .72 | .87 | 1.04 |
| Capital..... | .18 | .18 | .17 | .17 | .17 | .18 | .18 | .22 |
| Provincial and municipal combined..... | 18.51 | 19.42 | 21.74 | 21.25 | 21.39 | 20.96 | 22.02 | 22.09 |
| Capital..... | 2.84 | 3.25 | 3.44 | 3.42 | 3.35 | 3.24 | 3.14 | 3.15 |
| Total health service..... | 21.35 | 22.67 | 25.18 | 24.67 | 24.74 | 24.20 | 25.16 | 25.24 |
| Transportation, communications and public works | | | | | | | | |
| Provincial..... | 8.17 | 7.85 | 8.98 | 8.00 | 8.58 | 9.38 | 9.86 | 10.67 |
| Capital..... | 13.23 | 13.65 | 13.90 | 13.66 | 13.77 | 14.59 | 15.76 | 16.40 |
| Municipal..... | 1.18 | 2.01 | 1.58 | 1.82 | 2.11 | 1.90 | 1.82 | 2.38 |
| Capital..... | 1.08 | 1.11 | 1.08 | 1.10 | 1.14 | 1.16 | 1.18 | 1.34 |
| Provincial and municipal combined..... | 9.35 | 9.86 | 10.56 | 9.82 | 10.69 | 11.28 | 11.68 | 13.05 |
| Capital..... | 14.31 | 14.76 | 14.98 | 14.76 | 14.91 | 15.75 | 16.94 | 17.74 |
| Total transportation service..... | 23.66 | 24.62 | 25.54 | 24.58 | 25.60 | 27.03 | 28.62 | 30.79 |
| Education | | | | | | | | |
| Provincial..... | 18.60 | 18.28 | 18.41 | 18.86 | 18.91 | 20.22 | 20.60 | 20.03 |
| Capital..... | 1.92 | 1.92 | 1.93 | 1.95 | 1.98 | 2.09 | 2.16 | 2.32 |
| Municipal ¹ | 1.42 | 1.54 | 1.55 | 1.68 | 1.80 | 2.20 | 2.33 | 2.41 |
| Capital..... | 1.92 | 1.92 | 1.93 | 1.94 | 1.97 | 2.02 | 2.06 | 2.20 |
| Provincial and municipal combined..... | 20.02 | 19.82 | 19.96 | 20.54 | 20.71 | 22.42 | 22.93 | 22.44 |
| Capital..... | 3.84 | 3.84 | 3.86 | 3.89 | 3.95 | 4.11 | 4.22 | 4.52 |
| Total education service..... | 23.86 | 23.66 | 23.82 | 24.43 | 24.66 | 26.53 | 27.15 | 26.96 |

TABLE 10—*Concluded*

NEWFOUNDLAND
THE LEVELS AND STANDARDS OF PUBLIC SERVICES
 Province and Municipalities Combined
 1949–1956
 (Constant 1956 Dollars per Capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Welfare payments to individuals | | | | | | | | |
| Provincial..... | 13.01 | 15.28 | 13.43 | 14.16 | 14.51 | 15.79 | 16.25 | 17.46 |
| Other services | | | | | | | | |
| Provincial..... | 20.36 | 20.16 | 19.88 | 19.69 | 21.06 | 19.91 | 21.53 | 22.47 |
| Ordinary..... | .57 | .77 | .86 | .86 | .82 | .84 | .80 | .83 |
| Capital..... | 1.29 | 1.54 | 1.39 | 1.81 | 1.86 | 1.80 | 2.32 | 2.73 |
| Municipal..... | .24 | .24 | .25 | .26 | .25 | .31 | .39 | .41 |
| Provincial and municipal combined..... | 21.65 | 21.70 | 21.27 | 21.50 | 22.92 | 21.71 | 23.85 | 25.20 |
| Ordinary..... | .81 | 1.01 | 1.11 | 1.12 | 1.07 | 1.15 | 1.19 | 1.24 |
| Capital..... | | | | | | | | |
| Total other services..... | 22.46 | 22.71 | 22.38 | 22.62 | 23.99 | 22.86 | 25.04 | 26.44 |
| All services | | | | | | | | |
| Provincial..... | 77.83 | 80.02 | 81.42 | 81.21 | 83.61 | 85.54 | 89.39 | 91.68 |
| Ordinary..... | 18.38 | 19.41 | 19.96 | 19.72 | 19.75 | 20.58 | 21.68 | 22.48 |
| Capital..... | | | | | | | | |
| Municipal..... | 4.71 | 6.06 | 5.54 | 6.06 | 6.61 | 6.62 | 7.34 | 8.56 |
| Ordinary..... | 3.42 | 3.45 | 3.43 | 3.47 | 3.53 | 3.67 | 3.81 | 4.17 |
| Capital..... | | | | | | | | |
| Provincial and municipal combined..... | 82.54 | 86.08 | 86.96 | 87.27 | 90.22 | 92.16 | 96.73 | 100.24 |
| Ordinary..... | 21.80 | 22.86 | 23.39 | 23.19 | 23.28 | 24.25 | 25.49 | 26.65 |
| Capital..... | | | | | | | | |
| Total level of service..... | 104.34 | 108.94 | 110.35 | 110.46 | 113.50 | 116.41 | 122.22 | 126.89 |
| in constant (1956) dollars. ² | | | | | | | | |

¹ Consists almost entirely of the estimated local contribution to education which has been added to municipal expenditure.² Assuming 5% rate of interest with 4% depreciation on streets and roads and 2% depreciation on other provincial and municipal capital.

APPENDIX II

NEWFOUNDLAND

NEW BRUNSWICK

NOVA SCOTIA

PRINCE EDWARD ISLAND

PROVINCIAL AND MUNICIPAL REVENUES

TABLE 11

NEWFOUNDLAND
PROVINCIAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Income | | | | | | | | |
| Corporations..... | | | 199 | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions..... | | | | | 85 | 153 | 179 | 143 |
| Motor fuel and fuel oil..... | | | | 1,813 | 2,160 | 2,626 | 3,396 | 3,959 |
| General..... | 1,006 | 1,252 | 1,529 | 4,534 | 5,650 | 6,337 | 6,719 | 7,774 |
| | | 712 | 3,167 | | | | | |
| Total sales taxes..... | 1,006 | 1,964 | 4,696 | 6,347 | 7,895 | 9,116 | 10,294 | 11,876 |
| Other..... | 72 | 257 | 100 | 169 | 247 | 253 | 269 | 275 |
| Total taxes..... | 1,078 | 2,221 | 4,995 | 6,516 | 8,142 | 9,369 | 10,563 | 12,151 |
| Motor vehicle licences..... | 377 | 508 | 640 | 816 | 969 | 1,099 | 1,244 | 1,418 |
| Liquor control..... | 1,769 | 2,188 | 2,476 | 2,824 | 3,114 | 3,131 | 3,248 | 3,828 |
| Natural resources..... | 624 | 383 | 657 | 799 | 502 | 315 | 417 | 830 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 4,860 | 7,220 | 7,733 | 12,789 | 11,825 | 12,547 | 12,484 | 13,804 |
| Share of income tax on power utilities..... | | | 62 | 98 | 161 | 190 | 208 | 214 |
| Statutory subsidies..... | 1,925 | 1,540 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 |
| Transitional grant..... | 6,500 | 6,500 | 6,500 | 5,650 | 4,800 | 3,950 | 3,100 | 2,250 |
| Total from Government of Canada..... | 13,285 | 15,260 | 15,864 | 20,106 | 18,355 | 18,256 | 17,361 | 17,837 |
| Other revenue..... | 291 | 468 | 551 | 673 | 559 | 681 | 701 | 730 |
| Total net revenue ¹ | 17,424 | 21,028 | 25,183 | 31,734 | 31,641 | 32,851 | 33,534 | 36,794 |

¹ Source: Dominion Bureau of Statistics and Statement 5, Appendix V.

TABLE 12

NEWFOUNDLAND

MUNICIPAL NET REVENUE

1949-1956

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Esti- mated 1956 ² |
|--|-------|-------|-------|-------|-------|-------|-------|-------------------------------------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions..... | 72 | 80 | 90 | 107 | 120 | 112 | 150 | 145 |
| Other..... | 36 | 8 | 100 | 203 | 202 | 220 | 238 | 281 |
| Total sales taxes..... | 108 | 88 | 190 | 310 | 322 | 332 | 388 | 426 |
| Property and business | | | | | | | | |
| Real property..... | 594 | 658 | 798 | 958 | 1,043 | 1,145 | 1,283 | 1,671 |
| Personal property..... | 152 | 191 | 30 | 37 | 46 | 35 | 43 | 50 |
| Business..... | 47 | 39 | 376 | 397 | 439 | 460 | 511 | 547 |
| Total property and business taxes..... | 793 | 888 | 1,204 | 1,392 | 1,528 | 1,640 | 1,837 | 2,268 |
| Poll..... | 30 | 46 | 50 | 54 | 81 | 66 | 80 | 110 |
| Other..... | ..... | 9 | 10 | 12 | 11 | 12 | 14 | 14 |
| Total taxes..... | 931 | 1,031 | 1,454 | 1,768 | 1,942 | 2,050 | 2,319 | 2,818 |
| Licences and permits | 32 | 18 | 25 | 56 | 73 | 67 | 82 | 93 |
| Received from other governments¹ | | | | | | | | |
| Government of Canada in lieu of taxes..... | 6 | 8 | 7 | ..... | 50 | 16 | 11 | 47 |
| Province | | | | | | | | |
| General subsidies..... | 106 | 217 | 256 | 214 | 226 | 264 | 302 | 349 |
| Shared revenue contributions..... | ..... | ..... | ..... | ..... | ..... | 20 | 20 | 20 |
| Grants in lieu of taxes..... | ..... | ..... | ..... | ..... | ..... | 7 | 7 | 7 |
| Total from Province..... | 106 | 217 | 256 | 214 | 226 | 291 | 329 | 376 |
| Total from other governments..... | 112 | 225 | 263 | 214 | 276 | 307 | 340 | 423 |
| Other revenue..... | 66 | 71 | 134 | 169 | 173 | 425 | 304 | 318 |
| Total net revenue..... | 1,141 | 1,345 | 1,876 | 2,207 | 2,464 | 2,849 | 3,045 | 3,652 |
| Reconciliation with D.B.S. | | | | | | | | |
| Revenue per D.B.S. | 1,303 | 1,485 | 2,091 | 2,493 | 2,865 | 3,185 | 3,693 | |
| Deduct: | | | | | | | | |
| Debt charges recoverable..... | ..... | ..... | 13 | 34 | 71 | 112 | 228 | |
| Interest revenue..... | 1 | ..... | 1 | 27 | 27 | 26 | 1 | |
| Provincial grants-in-aid..... | 161 | 140 | 201 | 225 | 303 | 198 | 419 | |
| Total net revenue as above..... | 1,141 | 1,345 | 1,876 | 2,207 | 2,464 | 2,849 | 3,045 | |

¹ Excluding grants-in-aid for specific purposes, which are offset against expenditure.² St. John's actual, and other municipalities estimated on the basis of tax levies as given by Newfoundland Department of Municipal Affairs.

TABLE 13

NEWFOUNDLAND
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|------------------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions..... | 72 | 80 | 90 | 107 | 205 | 265 | 329 | 238 |
| Motor fuel and fuel oil..... | 1,006 | 1,252 | 1,529 | 1,813 | 2,100 | 2,626 | 3,396 | 3,959 |
| General..... | 36 | 712 | 3,167 | 4,534 | 5,650 | 6,337 | 6,719 | 7,774 |
| Other..... | | 8 | 100 | 203 | 202 | 220 | 238 | 281 |
| Total sales taxes..... | 1,114 | 2,052 | 4,886 | 6,657 | 8,217 | 9,448 | 10,682 | 12,302 |
| Property and business. | | | | | | | | |
| Pol..... | 793 | 888 | 1,204 | 1,392 | 1,528 | 1,640 | 1,837 | 2,208 |
| Other..... | 30 | 46 | 50 | 54 | 81 | 66 | 80 | 110 |
| | 72 | 266 | 309 ¹ | 181 | 258 | 265 | 283 | 289 |
| Total taxes..... | 2,009 | 3,252 | 6,449 | 8,284 | 10,084 | 11,419 | 12,882 | 14,969 |
| Motor vehicle licences..... | 377 | 508 | 640 | 816 | 969 | 1,099 | 1,244 | 1,418 |
| Liquor control..... | 1,769 | 2,188 | 2,476 | 2,824 | 3,114 | 3,131 | 3,248 | 3,828 |
| Natural resources..... | 624 | 383 | 657 | 799 | 502 | 315 | 417 | 830 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 4,860 | 7,220 | 7,733 | 12,789 | 11,825 | 12,547 | 12,484 | 13,804 |
| Share of income tax on power utilities..... | ..... | ..... | 62 | 98 | 161 | 190 | 208 | 214 |
| Statutory subsidies..... | 1,925 | 1,540 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 |
| Transitional grants..... | 6,500 | 6,500 | 6,500 | 5,650 | 4,800 | 3,950 | 3,100 | 2,250 |
| Grants in lieu of taxes..... | 6 | 8 | 7 | ..... | 50 | 16 | 11 | 47 |
| Total from Government of Canada..... | 13,291 | 15,268 | 15,871 | 20,106 | 18,405 | 18,272 | 17,372 | 17,384 |
| Other revenue..... | 389 | 557 | 710 | 898 | 805 | 1,173 | 1,087 | 1,141 |
| Total combined provincial and municipal net revenue ² | 18,459 | 22,156 | 26,803 | 33,727 | 33,879 | 35,409 | 36,250 | 40,070 |
| ¹ Includes corporation income taxes of \$199,000. | | | | | | | | |
| ² Intergovernmental transfers omitted | | | | | | | | |
| Province to municipalities..... | 106 | 217 | 256 | 214 | 226 | 291 | 329 | 376 |

TABLE 14
NEW BRUNSWICK
PROVINCIAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Income | | | | | | | | |
| Corporations..... | 182 | 1,520 | 2,179 | ..... | ..... | ..... | ..... | ..... |
| Succession duties—arrears..... | 46 | 5 | 1 | 1 | 6 | ..... | ..... | 4 |
| Sales | | | | | | | | |
| Amusements and admissions..... | 280 | 288 | 326 | 396 | 430 | 452 | 434 | 413 |
| Motor fuel and fuel oil..... | 5,536 | 5,814 | 6,426 | 6,945 | 7,457 | 8,907 | 10,062 | 10,823 |
| Tobacco..... | 866 | 844 | 873 | 941 | 1,143 | 1,206 | 1,288 | 1,379 |
| General..... | ..... | 2,293 | 7,207 | 7,743 | 7,494 | 5,953 | 6,773 | 7,538 |
| Total sales taxes..... | 6,672 | 9,239 | 14,832 | 16,025 | 16,524 | 16,518 | 18,557 | 20,153 |
| Property | 95 | 96 | 131 | 132 | 227 | 229 | 232 | 233 |
| Other..... | 32 | 33 | 37 | 42 | 66 | 77 | 79 | 86 |
| Total taxes..... | 7,027 | 10,893 | 17,180 | 16,200 | 16,823 | 16,824 | 18,868 | 20,476 |
| Motor vehicle licences..... | 2,424 | 2,608 | 2,847 | 3,018 | 3,300 | 3,467 | 3,731 | 3,912 |
| Liquor control..... | 6,508 | 5,500 | 5,441 | 6,426 | 6,490 | 6,335 | 7,072 | 7,370 |
| Natural resources..... | 2,294 | 1,986 | 3,390 | 3,225 | 3,445 | 3,053 | 3,413 | 4,289 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 8,953 | 8,864 | 9,287 | 14,967 | 16,178 | 17,047 | 16,630 | 17,807 |
| Share of income tax on power utilities..... | ..... | 146 | 164 | 187 | 283 | 216 | 207 | 228 |
| Statutory subsidies..... | 1,632 | 1,632 | 1,667 | 1,678 | 1,679 | 1,679 | 1,679 | 1,678 |
| Total from Government of Canada..... | 10,585 | 10,642 | 11,118 | 16,832 | 18,140 | 18,942 | 18,516 | 19,713 |
| Other revenue..... | 593 | 642 | 721 | 854 | 1,022 | 2,167 | 1,183 | 1,575 |
| Total net revenue ¹ | 29,431 | 32,271 | 40,697 | 46,555 | 49,220 | 50,788 | 52,783 | 57,335 |

¹ Source: Dominion Bureau of Statistics.

TABLE 15

NEW BRUNSWICK
MUNICIPAL NET REVENUE
 1949-1956
 (Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Property and business | | | | | | | | |
| Real property..... | 7,684 | 8,432 | 8,656 | 10,333 | 12,009 | 12,338 | 13,082 | 14,199 |
| Personal property..... | 1,437 | 1,626 | 1,788 | 2,341 | 2,243 | 2,738 | 2,947 | 3,281 |
| Business..... | 802 | 864 | 857 | 889 | 1,103 | 987 | 1,186 | 1,310 |
| Household and tenant..... | 144 | 203 | 189 | 232 | 273 | 270 | 217 | 330 |
| Total property and business taxes..... | 10,067 | 11,125 | 11,490 | 13,795 | 15,718 | 16,333 | 17,432 | 19,120 |
| Poll..... | 1,049 | 1,147 | 1,090 | 1,271 | 1,316 | 1,604 | 1,619 | 1,689 |
| Other..... | ..... | 22 | ..... | 115 | 72 | 87 | 93 | 93 |
| Total taxes..... | 11,116 | 12,294 | 12,580 | 15,181 | 17,106 | 18,034 | 19,144 | 20,902 |
| Licences and permits..... | 128 | 139 | 169 | 142 | 159 | 163 | 195 | 202 |
| Received from other governments ¹ | | | | | | | | |
| Government of Canada in lieu of taxes..... | ..... | 77 | 87 | 145 | 214 | 232 | 474 | 528 |
| Province..... | 2,056 | 2,056 | 2,056 | 2,211 | 2,638 | 2,789 | 2,838 | 2,987 |
| General subsidies..... | 2,056 | 2,133 | 2,143 | 2,356 | 2,852 | 3,021 | 3,312 | 3,515 |
| Total from other governments..... | | | | | | | | |
| Other revenue..... | 1,082 | 1,060 | 820 | 1,140 | 1,025 | 961 | 962 | 937 |
| Total net revenue..... | 14,382 | 15,626 | 15,712 | 18,819 | 21,142 | 22,169 | 23,613 | 25,556 |
| Reconciliation with D.B.S. | | | | | | | | |
| Revenue per D.B.S..... | 14,890 | 16,246 | 16,633 | 19,836 | 22,301 | 23,410 | 25,012 | 27,012 |
| Deduct: | | | | | | | | |
| Debt charges recoverable..... | 349 | 406 | 723 | 879 | 931 | 941 | 985 | 988 |
| Interest revenue..... | 63 | 78 | 75 | 87 | 100 | 147 | 137 | 168 |
| Municipal contributions..... | 7 | 13 | 5 | 5 | ..... | 55 | ..... | ..... |
| Provincial grants-in-aid..... | 89 | 123 | 118 | 46 | 138 | 98 | 277 | 300 |
| Total net revenue as above..... | 14,382 | 15,626 | 15,712 | 18,819 | 21,142 | 22,169 | 23,613 | 25,556 |

¹ Excluding grants-in-aid for specific purposes, which are offset against expenditure.

TABLE 16

NEW BRUNSWICK
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE

1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions..... | 280 | 288 | 326 | 396 | 430 | 452 | 434 | 413 |
| Motor fuel and fuel oil..... | 5,536 | 5,814 | 6,426 | 6,945 | 7,457 | 8,007 | 10,062 | 10,823 |
| Tobacco..... | 856 | 844 | 873 | 941 | 1,143 | 1,206 | 1,288 | 1,379 |
| General..... | ..... | 2,293 | 7,207 | 7,743 | 7,494 | 5,953 | 6,773 | 7,538 |
| Total sales taxes..... | 6,672 | 9,239 | 14,832 | 16,025 | 16,524 | 16,518 | 18,557 | 20,153 |
| Property and business¹ | | | | | | | | |
| Poll..... | 10,162 | 11,221 | 11,621 | 13,927 | 15,945 | 16,562 | 17,664 | 19,353 |
| Other ² | 1,049 | 1,147 | 1,090 | 1,271 | 1,316 | 1,604 | 1,619 | 1,689 |
| ..... | 260 | 1,580 | 2,217 | 158 | 144 | 164 | 172 | 183 |
| Total taxes..... | 18,143 | 23,187 | 29,760 | 31,381 | 33,929 | 34,848 | 38,012 | 41,378 |
| Motor vehicle licences..... | 2,424 | 2,608 | 2,847 | 3,018 | 3,300 | 3,467 | 3,731 | 3,912 |
| Liquor control..... | 6,508 | 5,500 | 5,441 | 6,426 | 6,490 | 6,335 | 7,072 | 7,370 |
| Natural resources..... | 2,294 | 1,986 | 3,300 | 3,225 | 3,445 | 3,053 | 3,413 | 4,289 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 8,953 | 8,864 | 9,287 | 14,967 | 16,178 | 17,047 | 16,630 | 17,807 |
| Share of income tax on power utilities..... | ..... | 146 | 164 | 187 | 283 | 216 | 207 | 228 |
| Statutory subsidies..... | 1,632 | 1,632 | 1,667 | 1,678 | 1,679 | 1,679 | 1,679 | 1,678 |
| Grants in lieu of taxes..... | ..... | 77 | 87 | 145 | 214 | 232 | 474 | 528 |
| Total from Government of Canada..... | 10,585 | 10,719 | 11,205 | 16,977 | 18,354 | 19,174 | 18,990 | 20,241 |
| Other revenue..... | 1,803 | 1,841 | 1,710 | 2,136 | 2,206 | 3,291 | 2,340 | 2,714 |
| Total combined provincial and municipal net revenue ³ | 41,757 | 45,841 | 54,353 | 63,163 | 67,724 | 70,168 | 73,558 | 79,904 |

¹ Includes real and personal property, business, and household and tenant taxes.² Includes corporation income taxes prior to 1952, and arrears of succession duties.³ Intergovernmental transfers omitted

Province to municipalities.....

2,056

2,056

2,211

2,638

2,789

2,838

2,987

TABLE 17

NOVA SCOTIA

PROVINCIAL NET REVENUE

1949-1956

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Income | | | | | | | | |
| Corporations..... | 80 | 1,760 | 1,657 | ..... | ..... | ..... | ..... | ..... |
| Succession duties—arrears..... | 73 | 21 | 25 | 12 | 5 | 2 | 5 | 2 |
| Sales taxes | | | | | | | | |
| Amusements and admissions..... | 435 | 506 | 613 | 699 | 747 | 678 | 554 | 451 |
| Motor fuel and fuel oil..... | 6,246 | 6,590 | 7,906 | 8,879 | 9,619 | 10,368 | 12,488 | 13,202 |
| Other..... | 54 | 62 | 113 | 171 | 185 | 196 | 215 | 241 |
| Total sales taxes..... | 6,735 | 7,158 | 8,632 | 9,749 | 10,551 | 11,242 | 13,257 | 13,894 |
| Property..... | 105 | 102 | 100 | 99 | 100 | 103 | 103 | 105 |
| Other..... | 56 | 49 | 73 | 68 | 93 | 80 | 82 | 81 |
| Total taxes..... | 7,049 | 9,090 | 10,487 | 9,928 | 10,749 | 11,427 | 13,447 | 14,082 |
| Motor vehicle licences..... | 2,943 | 3,227 | 3,469 | 3,664 | 3,938 | 4,103 | 4,518 | 4,909 |
| Liquor control..... | 8,338 | 7,724 | 8,560 | 9,529 | 9,812 | 9,909 | 10,585 | 10,943 |
| Natural resources..... | 1,083 | 1,057 | 1,207 | 1,254 | 1,320 | 1,401 | 1,589 | 1,641 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 11,294 | 11,103 | 11,426 | 18,263 | 19,497 | 20,463 | 20,000 | 22,078 |
| Share of income tax on power utilities..... | 265 | 210 | 118 | 173 | 279 | 300 | 356 | 238 |
| Statutory subsidies..... | 2,005 | 2,005 | 2,044 | 2,057 | 2,057 | 2,057 | 2,057 | 2,057 |
| Total from Government of Canada..... | 13,564 | 13,318 | 13,588 | 20,493 | 21,833 | 22,820 | 22,413 | 24,373 |
| Municipalities..... | 251 | 245 | 245 | 245 | 245 | 240 | 240 | 240 |
| Total from other governments..... | 13,815 | 13,563 | 13,833 | 20,738 | 22,078 | 23,060 | 22,653 | 24,613 |
| Other revenue..... | 1,021 | 1,024 | 1,238 | 1,534 | 1,451 | 1,518 | 1,537 | 1,693 |
| Total net revenue ¹ | 34,249 | 35,685 | 38,794 | 46,647 | 49,348 | 51,418 | 54,329 | 57,881 |

¹Source: Dominion Bureau of Statistics.

Royal Commission on Newfoundland Finances

TABLE 18
NOVA SCOTIA
MUNICIPAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Property and business | | | | | | | | |
| Real property..... | 10,827 | 11,379 | 13,006 | 15,146 | 15,843 | 16,985 | 18,159 | 20,145 |
| Personal property..... | 1,323 | 1,418 | 1,717 | 1,923 | 1,954 | 2,048 | 2,038 | 2,328 |
| Business..... | 804 | 846 | 1,101 | 1,431 | 1,443 | 1,483 | 1,531 | 1,351 |
| Household and tenant..... | 141 | 147 | 160 | 166 | 174 | 185 | 196 | 227 |
| Total property and business taxes..... | 13,095 | 13,790 | 15,984 | 18,666 | 19,414 | 20,701 | 21,924 | 24,051 |
| Poll..... | 516 | 530 | 547 | 584 | 708 | 767 | 743 | 792 |
| Total taxes..... | 13,611 | 14,320 | 16,531 | 19,250 | 20,122 | 21,468 | 22,667 | 24,843 |
| Licences and permits..... | 158 | 235 | 250 | 267 | 277 | 280 | 298 | 343 |
| Received from other governments ¹ | | | | | | | | |
| Government of Canada in lieu of taxes..... | | 216 | 307 | 380 | 400 | 461 | 1,038 | 1,184 |
| Province | | | | | | | | |
| General subsidies..... | 596 | 581 | 576 | 847 | 972 | 985 | 956 | 933 |
| Shared revenue contributions..... | | 16 | 21 | | | 9 | 11 | 10 |
| Grants in lieu of taxes..... | | | | | | | | |
| Total from Province..... | 596 | 597 | 597 | 847 | 972 | 999 | 967 | 943 |
| Total from other governments..... | 596 | 813 | 904 | 1,227 | 1,372 | 1,460 | 2,035 | 2,127 |
| Other revenue..... | 1,217 | 1,457 | 1,707 | 1,746 | 1,669 | 1,578 | 1,644 | 1,742 |
| Total net revenue..... | 15,582 | 16,825 | 19,392 | 22,490 | 23,440 | 24,786 | 26,664 | 29,055 |
| Reconciliation with D.B.S. | | | | | | | | |
| Revenue per D.B.S..... | 16,474 | 17,718 | 20,268 | 23,787 | 24,722 | 26,125 | 28,072 | 30,710 |
| Deduct: | | | | | | | | |
| Debt charges recoverable..... | 614 | 597 | 591 | 951 | 1,003 | 1,022 | 1,061 | 1,131 |
| Interest revenue..... | 137 | 149 | 169 | 219 | 262 | 299 | 326 | 303 |
| Municipal contributions..... | 141 | 147 | 116 | 127 | | | | |
| Provincial grants-in-aid..... | | | | | 17 | 18 | 21 | 221 |
| Total net revenue as above..... | 15,582 | 16,825 | 19,392 | 22,490 | 23,440 | 24,786 | 26,664 | 29,055 |

¹ Excluding grants-in-aid for specific purposes, which are offset against expenditure.

NOVA SCOTIA

COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE

1949-1956

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions..... | 435 | 506 | 613 | 699 | 747 | 678 | 554 | 451 |
| Motor fuel and fuel oil..... | 6,246 | 6,590 | 7,906 | 8,879 | 9,619 | 10,368 | 12,488 | 13,202 |
| Other..... | 54 | 62 | 113 | 171 | 185 | 196 | 215 | 24 |
| Total sales taxes..... | 6,735 | 7,158 | 8,632 | 9,749 | 10,551 | 11,242 | 13,257 | 13,894 |
| Property and business¹ | | | | | | | | |
| Poll..... | 13,200 | 13,892 | 16,084 | 18,765 | 19,514 | 20,804 | 22,027 | 24,156 |
| Other ² | 516 | 530 | 547 | 584 | 708 | 767 | 743 | 792 |
| | 209 | 1,830 | 1,755 | 80 | 98 | 82 | 87 | 83 |
| Total taxes..... | 20,660 | 23,410 | 27,018 | 29,178 | 30,871 | 32,895 | 36,114 | 38,925 |
| Motor vehicle licences..... | 2,943 | 3,227 | 3,469 | 3,664 | 3,938 | 4,103 | 4,518 | 4,909 |
| Liquor control..... | 8,338 | 7,724 | 8,560 | 9,529 | 9,812 | 9,909 | 10,585 | 10,943 |
| Natural resources..... | 1,083 | 1,057 | 1,207 | 1,254 | 1,320 | 1,401 | 1,589 | 1,641 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 11,294 | 11,103 | 11,426 | 18,263 | 19,497 | 20,463 | 20,000 | 22,078 |
| Share of income tax on power utilities..... | 265 | 210 | 118 | 173 | 279 | 300 | 356 | 238 |
| Statutory subsidies..... | 2,005 | 2,005 | 2,044 | 2,057 | 2,057 | 2,057 | 2,057 | 2,057 |
| Grants in lieu of taxes..... | ..... | 216 | 307 | 380 | 400 | 461 | 1,088 | 1,184 |
| Total from Government of Canada..... | 13,564 | 13,534 | 13,895 | 20,873 | 22,233 | 23,281 | 23,501 | 25,557 |
| Other revenue..... | 2,396 | 2,716 | 3,195 | 3,547 | 3,397 | 3,376 | 3,479 | 3,778 |
| Total combined provincial and municipal net revenue ³ | 48,984 | 51,668 | 57,344 | 68,045 | 71,571 | 74,965 | 79,786 | 85,753 |

¹ Includes real and personal property, business, and household and tenant taxes.

² Includes corporation income taxes prior to 1952, and arrears of succession duties, arrears from the personal property, business, and nonbusiness and ventur taxes.

^a Intergovernmental transfers omitted

Province to municipalities.....

Province to municipalities.....

Municipalities to Province.....

TABLE 20

PRINCE EDWARD ISLAND
PROVINCIAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | | | | | | | | |
| Income | | | | | | | | |
| Corporations..... | 181 | 84 | 196 | ..... | ..... | ..... | ..... | ..... |
| Individuals..... | 6 | 13 | 20 | ..... | ..... | ..... | ..... | ..... |
| Succession duties—arrears..... | 6 | 3 | 12 | 1 | ..... | ..... | ..... | ..... |
| Sales | | | | | | | | |
| Amusements and admissions..... | 99 | 111 | 118 | 124 | 133 | 123 | 114 | 93 |
| Motor fuel and fuel oil..... | 856 | 960 | 1,015 | 1,175 | 1,217 | 1,317 | 1,389 | 1,444 |
| Tobacco..... | 124 | 128 | 129 | 157 | 148 | 149 | 156 | 159 |
| Total sales taxes ¹ | 1,079 | 1,199 | 1,262 | 1,456 | 1,498 | 1,589 | 1,659 | 1,696 |
| Property..... | 21 | 1 | ..... | ..... | ..... | ..... | ..... | ..... |
| Total taxes..... | 1,293 | 1,300 | 1,490 | 1,457 | 1,498 | 1,589 | 1,659 | 1,696 |
| Motor vehicle licences..... | 292 | 367 | 409 | 453 | 474 | 486 | 528 | 579 |
| Liquor control..... | 887 | 971 | 1,035 | 1,218 | 1,182 | 1,202 | 1,200 | 1,201 |
| Natural resources..... | 9 | 10 | 13 | 12 | 12 | 13 | 14 | 17 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 1,798 | 2,122 | 2,278 | 3,289 | 3,631 | 3,913 | 3,681 | 3,073 |
| Share of income tax on power utilities..... | ..... | 14 | 19 | 23 | 30 | 43 | 52 | 36 |
| Statutory subsidies..... | 657 | 657 | 657 | 657 | 657 | 657 | 657 | 657 |
| Total from Government of Canada..... | 2,455 | 2,793 | 2,954 | 3,969 | 4,318 | 4,613 | 4,390 | 3,766 |
| Other revenue..... | 155 | 149 | 147 | 179 | 187 | 251 | 253 | 311 |
| Total net revenue ² | 5,091 | 5,590 | 6,048 | 7,288 | 7,671 | 8,154 | 8,044 | 7,570 |

¹ Sales tax on alcoholic beverages is included in "Liquor control".

² Source: Dominion Bureau of Statistics.

PRINCE EDWARD ISLAND
MUNICIPAL NET REVENUE
1949-1956

TABLE 21

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | | | | | | | | |
| Property and business | | | | | | | | |
| Real property..... | 614 | 684 | 880 | 1,105 | 1,138 | 1,223 | 1,317 | 1,390 |
| Personal property..... | 141 | 155 | 167 | 215 | 242 | 206 | 225 | 265 |
| Business..... | ..... | ..... | ..... | ..... | ..... | 75 | 72 | 80 |
| Total property and business taxes.. | 755 | 839 | 1,047 | 1,320 | 1,380 | 1,504 | 1,614 | 1,735 |
| Poll..... | 23 | 26 | 26 | 29 | 30 | 30 | 104 | 103 |
| Total taxes..... | 778 | 865 | 1,073 | 1,349 | 1,410 | 1,534 | 1,718 | 1,838 |
| Licences and permits..... | 14 | 14 | 22 | 32 | 27 | 28 | 30 | 41 |
| Received from other governments ¹ | | | | | | | | |
| Government of Canada in lieu of taxes | ..... | ..... | 1 | ..... | ..... | 6 | 1 | 50 |
| Province | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| General subsidies..... | 55 | 55 | 55 | 77 | 95 | 85 | 104 | 110 |
| Shared revenue contributions..... | ..... | ..... | ..... | ..... | ..... | 20 | ..... | ..... |
| Grants in lieu of taxes..... | ..... | ..... | ..... | ..... | ..... | ..... | 3 | 3 |
| Total from province..... | 55 | 55 | 55 | 77 | 95 | 105 | 107 | 113 |
| Total from other governments..... | 55 | 55 | 56 | 77 | 95 | 111 | 108 | 163 |
| Other revenue..... | 115 | 121 | 91 | 100 | 139 | 137 | 169 | 185 |
| Total net revenue..... | 962 | 1,055 | 1,242 | 1,558 | 1,671 | 1,810 | 2,025 | 2,227 |
| Reconciliation with D.B.S. | | | | | | | | |
| Revenue per D.B.S..... | 1,015 | 1,110 | 1,297 | 1,808 | 1,730 | 1,861 | 2,075 | 2,278 |
| Deduct: | | | | | | | | |
| Debt charges recoverable..... | 47 | 49 | 49 | 44 | 48 | 47 | 44 | 47 |
| Interest revenue..... | 3 | 3 | 3 | 3 | 3 | 4 | 6 | 4 |
| Provincial grants-in-aid..... | 3 | 3 | 2 | 1 | 7 | ..... | ..... | ..... |
| Total net revenue as above..... | 962 | 1,085 | 1,242 | 1,558 | 1,671 | 1,810 | 2,025 | 2,227 |

¹ Excluding grants-in-aid for specific purposes, which are offset against expenditure.

PRINCE EDWARD ISLAND
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE
1949-1956
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | | | | | | | | |
| Sales¹ | | | | | | | | |
| Amusements and admissions..... | 99 | 111 | 118 | 124 | 133 | 123 | 114 | 93 |
| Motor fuel and fuel oil..... | 856 | 960 | 1,015 | 1,175 | 1,217 | 1,317 | 1,389 | 1,444 |
| Tobacco..... | 124 | 128 | 129 | 157 | 148 | 149 | 156 | 159 |
| Total sales taxes..... | 1,079 | 1,199 | 1,262 | 1,456 | 1,498 | 1,589 | 1,659 | 1,696 |
| Property and business..... | | | | | | | | |
| Poll..... | 776 | 840 | 1,047 | 1,320 | 1,380 | 1,504 | 1,614 | 1,735 |
| Other ² | 23 | 26 | 26 | 29 | 30 | 30 | 104 | 103 |
| | 193 | 100 | 228 | 1 | ..... | ..... | ..... | ..... |
| Total taxes..... | 2,071 | 2,165 | 2,563 | 2,806 | 2,908 | 3,123 | 3,377 | 3,534 |
| Motor vehicle licences..... | 292 | 367 | 409 | 453 | 474 | 486 | 528 | 579 |
| Liquor control..... | 887 | 971 | 1,035 | 1,218 | 1,182 | 1,202 | 1,200 | 1,201 |
| Natural resources..... | 9 | 10 | 13 | 12 | 12 | 13 | 14 | 17 |
| Received from other governments | | | | | | | | |
| Government of Canada | | | | | | | | |
| Tax rental agreement..... | 1,798 | 2,122 | 2,278 | 3,289 | 3,631 | 3,913 | 3,681 | 3,073 |
| Share of income tax on power utilities..... | ..... | 14 | 19 | 23 | 30 | 43 | 52 | 36 |
| Statutory subsidies..... | 657 | 657 | 657 | 657 | 657 | 657 | 657 | 657 |
| Grants in lieu of taxes..... | ..... | ..... | 1 | ..... | ..... | 6 | 1 | 50 |
| Total from Government of Canada..... | 2,455 | 2,793 | 2,955 | 3,969 | 4,318 | 4,619 | 4,391 | 3,816 |
| Other revenue..... | 284 | 284 | 260 | 311 | 353 | 416 | 452 | 537 |
| Total combined provincial and municipal net revenue ³ | 5,998 | 6,590 | 7,235 | 8,769 | 9,247 | 9,859 | 9,962 | 9,684 |

¹ Sales tax on alcoholic beverages is included in "Liquor control".

² Includes individual and corporation income taxes prior to 1952, and arrears of succession duties prior to 1953.

³ Intergovernmental transfers omitted
Province to municipalities.....

TABLE 23

NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE
1949-1956
(Dollars per capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions | | | | | | | | |
| Newfoundland..... | .21 | .23 | .25 | .29 | .53 | .67 | .81 | .69 |
| Maritime provinces combined..... | .66 | .73 | .84 | .95 | 1.01 | .95 | .83 | .71 |
| New Brunswick..... | .55 | .56 | .63 | .75 | .81 | .84 | .79 | .74 |
| Nova Scotia..... | .69 | .79 | .95 | 1.07 | 1.12 | 1.01 | .81 | .65 |
| Prince Edward Island..... | 1.05 | 1.16 | 1.20 | 1.24 | 1.32 | 1.22 | 1.14 | .94 |
| Motor fuel and fuel oil | | | | | | | | |
| Newfoundland..... | 2.91 | 3.57 | 4.24 | 4.85 | 5.65 | 6.65 | 8.36 | 9.54 |
| Maritime provinces combined..... | 10.27 | 10.72 | 12.21 | 13.29 | 14.10 | 15.68 | 18.00 | 18.83 |
| New Brunswick..... | 10.90 | 11.36 | 12.45 | 13.21 | 13.99 | 16.49 | 18.40 | 19.51 |
| Nova Scotia..... | 9.93 | 10.33 | 12.29 | 13.60 | 14.51 | 15.41 | 18.29 | 18.99 |
| Prince Edward Island..... | 9.11 | 10.00 | 10.36 | 11.75 | 12.05 | 13.04 | 13.89 | 14.58 |
| Tobacco | | | | | | | | |
| Maritime provinces combined..... | .80 | .78 | .80 | .86 | 1.00 | 1.03 | 1.09 | 1.14 |
| New Brunswick..... | 1.68 | 1.65 | 1.69 | 1.79 | 2.14 | 2.23 | 2.36 | 2.48 |
| Prince Edward Island..... | 1.32 | 1.33 | 1.32 | 1.57 | 1.46 | 1.47 | 1.56 | 1.61 |
| General | | | | | | | | |
| Newfoundland..... | ..... | 2.03 | 8.77 | 12.12 | 14.75 | 16.04 | 16.55 | 18.74 |
| Maritime provinces combined..... | ..... | 1.84 | 5.73 | 6.06 | 5.78 | 4.53 | 5.09 | 5.59 |
| New Brunswick..... | ..... | 4.48 | 13.97 | 14.72 | 14.06 | 11.03 | 12.38 | 13.58 |
| Other | | | | | | | | |
| Newfoundland..... | .10 | .02 | .28 | .54 | .53 | .56 | .59 | .68 |
| Maritime provinces combined..... | .04 | .05 | .09 | .13 | .14 | .15 | .16 | .18 |
| Nova Scotia..... | .08 | .10 | .18 | .26 | .28 | .29 | .31 | .35 |
| Total sales taxes | | | | | | | | |
| Newfoundland..... | 3.22 | 5.85 | 13.54 | 17.80 | 21.46 | 23.92 | 26.31 | 29.65 |
| Maritime provinces combined..... | 11.77 | 14.12 | 19.67 | 21.29 | 22.03 | 22.34 | 25.17 | 26.50 |
| New Brunswick..... | 13.13 | 18.05 | 28.74 | 30.47 | 31.00 | 30.59 | 33.93 | 36.31 |
| Nova Scotia..... | 10.70 | 11.22 | 13.42 | 14.93 | 15.91 | 16.71 | 19.41 | 19.99 |
| Prince Edward Island..... | 11.48 | 12.49 | 12.88 | 14.56 | 14.83 | 15.73 | 16.59 | 17.13 |

TABLE 23—Continued
NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE
1949-1956
(Dollars per capita)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes (cont'd) | | | | | | | | |
| Property and business ¹ | | | | | | | | |
| Newfoundland..... | 2.30 | 2.52 | 3.33 | 3.73 | 3.99 | 4.15 | 4.52 | 5.47 |
| Maritime provinces combined..... | 19.61 | 20.82 | 22.87 | 26.58 | 28.40 | 29.59 | 31.06 | 33.54 |
| New Brunswick..... | 20.01 | 21.92 | 23.53 | 26.47 | 29.92 | 30.67 | 32.29 | 34.87 |
| Nova Scotia..... | 20.99 | 21.77 | 25.02 | 28.74 | 29.43 | 30.91 | 32.25 | 34.76 |
| Prince Edward Island..... | 8.25 | 8.75 | 10.08 | 13.20 | 13.66 | 14.90 | 16.14 | 17.53 |
| Poll | | | | | | | | |
| Newfoundland..... | .09 | .13 | .14 | .14 | .21 | .17 | .20 | .26 |
| Maritime provinces combined..... | 1.29 | 1.37 | 1.32 | 1.47 | 1.58 | 1.82 | 1.85 | 1.91 |
| New Brunswick..... | 2.06 | 2.24 | 2.11 | 2.42 | 2.47 | 2.96 | 3.04 | 3.04 |
| Nova Scotia..... | .82 | .83 | .85 | .89 | 1.07 | 1.14 | 1.09 | 1.14 |
| Prince Edward Island..... | .25 | .27 | .27 | .29 | .30 | .29 | 1.04 | 1.04 |
| Other² | | | | | | | | |
| Newfoundland..... | .21 | .76 | .86 | .48 | .67 | .67 | .70 | .69 |
| Maritime provinces combined..... | .53 | 2.82 | 3.35 | .20 | .19 | .18 | .19 | .20 |
| New Brunswick..... | .51 | 3.08 | 4.29 | .30 | .27 | .30 | .31 | .33 |
| Nova Scotia..... | .34 | 2.87 | 2.73 | .12 | .15 | .12 | .13 | .12 |
| Prince Edward Island..... | 2.05 | 1.04 | 2.32 | .01 | ..... | ..... | ..... | ..... |
| Total taxes | | | | | | | | |
| Newfoundland..... | 5.82 | 9.26 | 17.87 | 22.15 | 26.33 | 28.91 | 31.73 | 36.07 |
| Maritime provinces combined..... | 33.20 | 39.13 | 47.21 | 49.54 | 52.20 | 53.93 | 58.27 | 62.15 |
| New Brunswick..... | 35.71 | 45.29 | 57.67 | 59.66 | 63.66 | 64.53 | 69.49 | 74.55 |
| Nova Scotia..... | 32.85 | 36.69 | 42.02 | 44.68 | 46.56 | 48.88 | 52.88 | 56.01 |
| Prince Edward Island..... | 22.03 | 22.55 | 26.15 | 28.06 | 28.79 | 30.92 | 33.77 | 35.70 |
| Motor vehicle licences | | | | | | | | |
| Newfoundland..... | 1.09 | 1.45 | 1.77 | 2.18 | 2.53 | 2.78 | 3.06 | 3.42 |
| Maritime provinces combined..... | 4.60 | 4.98 | 5.35 | 5.58 | 5.95 | 6.13 | 6.60 | 6.97 |
| New Brunswick..... | 4.77 | 5.09 | 5.52 | 5.74 | 6.19 | 6.42 | 6.82 | 7.06 |
| Nova Scotia..... | 4.68 | 5.06 | 5.39 | 5.62 | 5.94 | 6.10 | 6.61 | 7.06 |
| Prince Edward Island..... | 3.11 | 3.83 | 4.18 | 4.53 | 4.69 | 4.81 | 5.23 | 5.85 |
| Liquor control | | | | | | | | |
| Newfoundland..... | 5.13 | 6.23 | 6.86 | 7.55 | 8.13 | 7.93 | 8.00 | 9.22 |
| Maritime provinces combined..... | 12.78 | 11.39 | 11.96 | 13.43 | 13.48 | 13.28 | 14.18 | 14.46 |
| New Brunswick..... | 12.81 | 10.74 | 10.54 | 12.22 | 12.18 | 11.73 | 12.93 | 13.28 |
| Nova Scotia..... | 13.26 | 12.11 | 13.31 | 14.59 | 14.80 | 14.72 | 15.50 | 15.74 |
| Prince Edward Island..... | 9.43 | 10.12 | 10.56 | 12.13 | 11.70 | 11.90 | 12.00 | 12.13 |

¹ Includes real and personal property, business, and household and tenant taxes.

² Includes individual and corporation income taxes prior to 1952, and arrears of succession duties.

TABLE 23—Concluded
NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE
 1949–1956
 (Dollars per capita.)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|-------|--------|--------|--------|--------|--------|--------|
| Natural resources | | | | | | | | |
| Newfoundland..... | 1.81 | 1.09 | 1.82 | 2.14 | 1.31 | .80 | 1.03 | 2.00 |
| Maritime provinces combined..... | 2.75 | 2.45 | 3.67 | 3.51 | 3.68 | 3.40 | 3.77 | 4.41 |
| New Brunswick..... | 4.52 | 3.88 | 6.57 | 6.13 | 6.46 | 5.65 | 6.24 | 7.73 |
| Nova Scotia..... | 1.72 | 1.66 | 1.88 | 1.92 | 1.99 | 2.08 | 2.33 | 2.36 |
| Prince Edward Island..... | .10 | .10 | .13 | .12 | .12 | .13 | .14 | .17 |
| Other revenue | | | | | | | | |
| Newfoundland..... | 1.12 | 1.59 | 1.97 | 2.40 | 2.10 | 2.97 | 2.68 | 2.75 |
| Maritime provinces combined..... | 3.64 | 3.89 | 4.12 | 4.69 | 4.59 | 5.39 | 4.71 | 5.21 |
| New Brunswick..... | 3.55 | 3.59 | 3.32 | 4.06 | 4.14 | 6.10 | 4.27 | 4.89 |
| Nova Scotia..... | 3.81 | 4.25 | 4.97 | 5.43 | 5.13 | 5.02 | 5.09 | 5.44 |
| Prince Edward Island..... | 3.02 | 2.96 | 2.65 | 3.11 | 3.50 | 4.12 | 4.52 | 5.42 |
| Total net revenue from provincial sources | | | | | | | | |
| Newfoundland..... | 14.97 | 19.62 | 30.29 | 36.42 | 40.40 | 43.39 | 46.50 | 53.46 |
| Maritime provinces combined..... | 56.97 | 61.84 | 72.31 | 76.75 | 79.90 | 82.13 | 87.53 | 93.20 |
| New Brunswick..... | 61.36 | 68.59 | 83.62 | 87.81 | 92.63 | 94.43 | 99.75 | 107.50 |
| Nova Scotia..... | 56.32 | 59.77 | 67.57 | 72.24 | 74.42 | 76.80 | 82.41 | 86.61 |
| Prince Edward Island..... | 37.69 | 39.56 | 43.67 | 48.00 | 48.80 | 51.88 | 55.71 | 59.27 |
| Received from Government of Canada | | | | | | | | |
| Newfoundland..... | 38.53 | 43.50 | 43.96 | 53.76 | 48.05 | 46.25 | 42.79 | 43.09 |
| Maritime provinces combined..... | 21.61 | 21.71 | 22.31 | 32.69 | 34.62 | 35.82 | 35.25 | 36.78 |
| New Brunswick..... | 20.84 | 20.94 | 21.72 | 32.27 | 34.43 | 35.51 | 34.72 | 36.47 |
| Nova Scotia..... | 21.56 | 21.21 | 21.61 | 31.96 | 33.53 | 34.59 | 34.40 | 36.77 |
| Prince Edward Island..... | 26.12 | 29.09 | 30.15 | 39.69 | 42.75 | 45.73 | 43.91 | 38.55 |
| Total combined provincial and municipal net revenue | | | | | | | | |
| Newfoundland..... | 53.50 | 63.12 | 74.25 | 90.18 | 88.45 | 89.64 | 89.29 | 96.55 |
| Maritime provinces combined..... | 78.58 | 83.55 | 94.62 | 109.44 | 114.52 | 117.95 | 122.78 | 129.98 |
| New Brunswick..... | 82.20 | 89.53 | 105.34 | 120.08 | 127.06 | 129.94 | 134.47 | 143.97 |
| Nova Scotia..... | 77.88 | 80.98 | 89.18 | 104.20 | 107.95 | 111.39 | 116.81 | 123.38 |
| Prince Edward Island..... | 63.81 | 68.65 | 73.82 | 87.69 | 91.55 | 97.61 | 99.62 | 97.82 |

TABLE 24

NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK
COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE

1949-1956

(Dollars per Thousand Dollars Personal Income)¹

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes | | | | | | | | |
| Sales | | | | | | | | |
| Amusements and admissions | | | | | | | | |
| Newfoundland..... | .44 | .45 | .44 | .47 | .81 | 1.01 | 1.20 | .95 |
| Maritime provinces combined..... | 1.00 | 1.07 | 1.13 | 1.17 | 1.22 | 1.22 | .93 | .74 |
| New Brunswick..... | .89 | .88 | .87 | .97 | 1.04 | 1.03 | .94 | .81 |
| Nova Scotia..... | .97 | 1.09 | 1.22 | 1.24 | 1.26 | 1.10 | .85 | |
| Prince Edward Island..... | 1.94 | 2.05 | 1.97 | 1.75 | 2.02 | 1.84 | 1.61 | 1.19 |
| Motor fuel and fuel oil | | | | | | | | |
| Newfoundland..... | 6.17 | 7.04 | 7.43 | 7.92 | 8.59 | 10.02 | 12.39 | 13.15 |
| Maritime provinces combined..... | 15.51 | 15.75 | 16.34 | 16.31 | 17.02 | 18.35 | 20.24 | 19.82 |
| New Brunswick..... | 17.57 | 17.67 | 17.09 | 17.02 | 17.97 | 20.34 | 21.78 | 21.14 |
| Nova Scotia..... | 13.91 | 14.14 | 15.72 | 15.74 | 16.19 | 16.80 | 19.22 | 18.99 |
| Prince Edward Island..... | 16.79 | 17.78 | 16.91 | 16.55 | 18.44 | 19.66 | 19.56 | 18.51 |
| Tobacco | | | | | | | | |
| Maritime provinces combined..... | 1.20 | 1.14 | 1.07 | 1.05 | 1.20 | 1.21 | 1.22 | 1.20 |
| New Brunswick..... | 2.72 | 2.56 | 2.32 | 2.31 | 2.75 | 2.75 | 2.79 | 2.69 |
| Prince Edward Island..... | 2.43 | 2.37 | 2.15 | 2.21 | 2.24 | 2.22 | 2.20 | 2.04 |
| General | | | | | | | | |
| Newfoundland..... | ..... | 4.01 | 15.37 | 19.80 | 22.42 | 24.19 | 24.52 | 25.84 |
| Maritime provinces combined..... | ..... | 2.70 | 7.67 | 7.42 | 6.97 | 5.31 | 5.73 | 5.87 |
| New Brunswick..... | ..... | 6.97 | 19.17 | 18.98 | 18.06 | 13.59 | 14.66 | 14.72 |
| Other | | | | | | | | |
| Newfoundland..... | .22 | .04 | .49 | .88 | .80 | .84 | .87 | .94 |
| Maritime provinces combined..... | .07 | .07 | .12 | .16 | .17 | .17 | .18 | .19 |
| Nova Scotia..... | .12 | .13 | .22 | .30 | .31 | .32 | .33 | .35 |
| Total sales taxes | | | | | | | | |
| Newfoundland..... | 6.83 | 11.54 | 23.73 | 29.07 | 32.62 | 36.06 | 38.98 | 40.88 |
| Maritime provinces combined..... | 17.78 | 20.73 | 26.33 | 26.11 | 26.58 | 26.16 | 28.30 | 27.82 |
| New Brunswick..... | 21.18 | 28.08 | 39.45 | 39.28 | 39.82 | 37.71 | 40.17 | 39.36 |
| Nova Scotia..... | 15.00 | 15.36 | 17.16 | 17.28 | 17.76 | 18.22 | 20.40 | 19.99 |
| Prince Edward Island..... | 21.16 | 22.20 | 21.03 | 20.51 | 22.70 | 23.72 | 23.37 | 21.74 |

TABLE 24—Continued

NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK

COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE

1949-1956

(Dollars per Thousand Dollars Personal Income)¹

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Taxes (cont'd) | | | | | | | | |
| Property and business ² | | | | | | | | |
| Newfoundland..... | 4.87 | 4.97 | 5.83 | 6.10 | 6.05 | 6.25 | 6.70 | 7.54 |
| Maritime provinces combined..... | 29.62 | 30.56 | 30.63 | 32.57 | 34.28 | 34.65 | 34.92 | 35.20 |
| New Brunswick..... | 32.26 | 34.11 | 30.90 | 34.12 | 38.43 | 37.81 | 38.23 | 37.80 |
| Nova Scotia..... | 29.40 | 29.81 | 31.97 | 33.27 | 32.86 | 33.72 | 33.89 | 34.76 |
| Prince Edward Island..... | 15.22 | 15.56 | 17.46 | 18.59 | 20.91 | 22.44 | 22.73 | 22.25 |
| Poll | | | | | | | | |
| Newfoundland..... | .18 | .26 | .24 | .23 | .32 | .25 | .30 | .36 |
| Maritime provinces combined..... | 1.95 | 2.01 | 1.77 | 1.81 | 1.91 | 2.14 | 2.08 | 2.01 |
| New Brunswick..... | 3.33 | 3.49 | 2.90 | 3.12 | 3.17 | 3.66 | 3.50 | 3.30 |
| Nova Scotia..... | 1.15 | 1.14 | 1.09 | 1.04 | 1.19 | 1.24 | 1.14 | 1.14 |
| Prince Edward Island..... | .45 | .43 | .43 | .41 | .45 | .45 | 1.46 | 1.32 |
| Other ³ | | | | | | | | |
| Newfoundland..... | .44 | 1.50 | 1.50 | .78 | 1.02 | 1.02 | 1.04 | .95 |
| Maritime provinces combined..... | .81 | 4.13 | 4.47 | .26 | .22 | .21 | .21 | .21 |
| New Brunswick..... | .83 | 4.80 | 5.90 | .39 | .34 | .38 | .37 | .36 |
| Nova Scotia..... | .46 | 3.93 | 3.49 | .14 | .16 | .13 | .13 | .12 |
| Prince Edward Island..... | 3.78 | 1.85 | 3.80 | .01 | | | | |
| Total taxes | | | | | | | | |
| Newfoundland..... | 12.32 | 18.27 | 31.30 | 36.18 | 40.01 | 43.58 | 47.02 | 49.73 |
| Maritime provinces combined..... | 50.16 | 57.43 | 63.20 | 60.75 | 62.99 | 63.16 | 65.51 | 65.24 |
| New Brunswick..... | 57.60 | 70.48 | 79.15 | 76.91 | 81.76 | 79.56 | 82.27 | 80.82 |
| Nova Scotia..... | 46.01 | 50.24 | 53.71 | 51.73 | 51.97 | 53.31 | 55.56 | 56.01 |
| Prince Edward Island..... | 40.61 | 40.09 | 42.72 | 39.32 | 44.06 | 46.61 | 47.56 | 45.31 |
| Motor vehicle licences | | | | | | | | |
| Newfoundland..... | 2.31 | 2.85 | 3.11 | 3.56 | 3.85 | 4.19 | 4.53 | 4.72 |
| Maritime provinces combined..... | 6.94 | 7.31 | 7.16 | 6.84 | 7.17 | 7.18 | 7.42 | 7.32 |
| New Brunswick..... | 7.70 | 7.93 | 7.57 | 7.40 | 7.95 | 7.91 | 8.07 | 7.64 |
| Nova Scotia..... | 6.55 | 6.92 | 6.90 | 6.50 | 6.63 | 6.65 | 6.95 | 7.06 |
| Prince Edward Island..... | 5.72 | 6.80 | 6.81 | 6.38 | 7.18 | 7.25 | 7.43 | 7.42 |
| Liquor control | | | | | | | | |
| Newfoundland..... | 10.86 | 12.29 | 12.02 | 12.33 | 12.36 | 11.95 | 11.85 | 12.71 |
| Maritime provinces combined..... | 19.30 | 16.72 | 16.01 | 16.46 | 16.27 | 15.55 | 15.94 | 15.18 |
| New Brunswick..... | 20.66 | 16.72 | 14.47 | 15.75 | 16.64 | 14.46 | 15.31 | 14.39 |
| Nova Scotia..... | 18.58 | 16.58 | 17.02 | 16.90 | 16.52 | 16.06 | 16.29 | 15.74 |
| Prince Edward Island..... | 17.39 | 17.98 | 17.25 | 17.16 | 17.91 | 17.95 | 16.90 | 15.40 |

¹ This table was prepared and printed before the recent revision of the personal income series by the Dominion Bureau of Statistics, but use of the later figures would not materially affect the comparisons.

² Includes real and personal property, business and household and tenant taxes.

³ Includes individual and corporation income taxes prior to 1952, and arrears of succession duties.

NEWFOUNDLAND AND THE MARITIME PROVINCES OF
PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEW BRUNSWICK

COMBINED PROVINCIAL AND MUNICIPAL NET REVENUE

1949–1956

(Dollars per Thousand Dollars Personal Income)¹

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| Natural resources | | | | | | | | |
| Newfoundland..... | 3.83 | 2.15 | 3.19 | 3.49 | 1.99 | 1.20 | 1.53 | 2.76 |
| Maritime provinces combined..... | 4.15 | 3.60 | 4.91 | 4.31 | 4.44 | 3.98 | 4.24 | 4.63 |
| New Brunswick..... | 7.28 | 6.03 | 9.02 | 7.90 | 8.30 | 6.97 | 7.39 | 8.38 |
| Nova Scotia..... | 2.41 | 2.27 | 2.40 | 2.22 | 2.22 | 2.27 | 2.44 | 2.36 |
| Prince Edward Island..... | .18 | .19 | .22 | .17 | .18 | .19 | .20 | .22 |
| Other revenue | | | | | | | | |
| Newfoundland..... | 2.39 | 3.13 | 3.45 | 3.92 | 3.19 | 4.48 | 3.97 | 3.79 |
| Maritime provinces combined..... | 5.51 | 5.70 | 5.50 | 5.75 | 5.54 | 6.31 | 5.30 | 5.47 |
| New Brunswick..... | 5.72 | 5.59 | 4.55 | 5.24 | 5.31 | 7.52 | 5.06 | 5.30 |
| Nova Scotia..... | 5.34 | 5.83 | 6.35 | 6.29 | 5.72 | 5.48 | 5.35 | 5.44 |
| Prince Edward Island..... | 5.57 | 5.26 | 4.33 | 4.38 | 5.35 | 6.21 | 6.37 | 6.88 |
| Total net revenue from provincial sources | | | | | | | | |
| Newfoundland..... | 31.71 | 38.69 | 53.07 | 59.48 | 61.40 | 65.40 | 68.90 | 73.71 |
| Maritime provinces combined..... | 86.06 | 90.76 | 96.78 | 94.11 | 96.41 | 96.18 | 98.41 | 97.84 |
| New Brunswick..... | 98.96 | 106.75 | 114.76 | 113.20 | 118.96 | 116.42 | 118.10 | 116.53 |
| Nova Scotia..... | 78.89 | 81.84 | 86.38 | 83.64 | 83.06 | 83.77 | 86.59 | 86.61 |
| Prince Edward Island..... | 69.47 | 70.32 | 71.33 | 67.61 | 74.68 | 78.21 | 78.46 | 75.23 |
| Received from Government of Canada | | | | | | | | |
| Newfoundland..... | 81.54 | 85.78 | 77.04 | 87.80 | 73.04 | 69.74 | 63.40 | 59.41 |
| Maritime provinces combined..... | 32.64 | 31.85 | 29.88 | 40.09 | 41.77 | 41.96 | 39.63 | 38.61 |
| New Brunswick..... | 33.60 | 32.58 | 29.80 | 41.61 | 44.23 | 43.78 | 41.11 | 39.53 |
| Nova Scotia..... | 30.21 | 29.04 | 27.62 | 37.01 | 37.43 | 37.73 | 36.16 | 36.77 |
| Prince Edward Island..... | 48.14 | 51.72 | 49.25 | 55.90 | 65.42 | 68.94 | 61.85 | 48.92 |
| Total combined provincial and municipal net revenue | | | | | | | | |
| Newfoundland..... | 113.25 | 124.47 | 130.11 | 147.28 | 134.44 | 135.14 | 132.30 | 133.12 |
| Maritime provinces combined..... | 118.70 | 122.61 | 126.66 | 134.20 | 138.18 | 138.14 | 138.04 | 136.45 |
| New Brunswick..... | 132.56 | 139.33 | 144.56 | 154.81 | 163.19 | 160.20 | 159.21 | 156.06 |
| Nova Scotia..... | 109.10 | 110.88 | 114.00 | 120.65 | 120.49 | 121.50 | 122.75 | 123.38 |
| Prince Edward Island..... | 117.61 | 122.04 | 120.58 | 123.51 | 140.10 | 147.15 | 140.31 | 124.15 |

¹ See footnote 1 previous page.

APPENDIX III

ESTIMATED YIELD OF
NEWFOUNDLAND TAXES
AT
MARITIME RATES

1956

Royal Commission on Newfoundland Finances

Estimated Yield of Newfoundland Taxes at Maritime Rates Compared with Actual Collections in 1956-57

| Summary | Nfld. 1956-57 Collections | Yield at Maritime Rates | Increase (+) or Decrease (-) at Maritime Rates |
|--|---------------------------------|-------------------------------|---|
| | (\$000) | (\$000) | (\$000) |
| Sales taxes..... | 8,343 | 2,440 | -5,903 |
| Motor fuel taxes..... | 3,959 | 3,717 | -242 |
| Motor vehicle licences..... | 1,418 | 1,518 | +100 |
| Liquor control..... | 3,828 | 5,506 | +1,678 |
| Property taxes..... | 2,268 | 5,306 | +3,038 |
| Poll taxes..... | 110 | 658 | +548 |
| Other taxes, licences and fees..... | 1,430 | 1,430 | — |
| Sub-total taxes and licences (excluding natural resources)..... | 21,356 | 20,575 | -781 |
| Estimated voluntary contributions to building, operation and maintenance of schools..... | 1,360 | nil | -1,360 |
| Total revenue from Newfoundland sources (excluding natural resources)..... | 22,716 | 20,575 | -2,141 |

Sales taxes

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|------|-------|--------------------|-------|
| Sales taxes, 1956 (\$000)— | | | | | |
| General sales tax..... | — | — | 7,538 | 7,538 | 7,774 |
| Tobacco tax..... | 159 | — | 1,379 | 1,538 | — |
| Amusement tax..... | 93 | 451 | 413 | 957 | 288 |
| Other..... | — | 241 | — | 241 | 281 |
| Total sales taxes..... | 252 | 692 | 9,330 | 10,274 | 8,343 |
| Personal income, 1956, (\$ million)..... | 76 | 694 | 509 | 1,279 | 305 |
| Sales taxes as a percentage of personal income.... | | | | .80 | 2.74 |
| Yield of Newfoundland sales taxes at Maritime rate of .80% of personal income (\$000)..... | | | | | 2,440 |

Sales taxes are related in these calculations to personal income although a more direct relationship could be expected to exist between sales tax collections and aggregate retail sales or aggregate retail sales plus certain taxable business expenditures on machinery, equipment and construction materials. This method was necessary because the statistics of retail sales for 1956 only show the Atlantic Provinces as a group, and the latest provincial break-down is that provided by the census of 1951. However, there

is reason to believe that the use of personal income as the basis of the above calculations gives results very similar to those which might be obtained if the statistics of retail sales and taxable sales of machinery, equipment and construction materials to businesses were available on a provincial basis. This would seem to follow from the fact that the relationship between retail sales and personal income appears to be quite stable. For Canada as a whole, retail sales as a percentage of personal income amounted to 68.1, 67.0, 66.9, 66.3, 66.6, 65.9 for the years 1951 to 1956 respectively. For the Atlantic Provinces retail sales have constituted a somewhat larger but equally stable percentage of personal income as follows: 78.5, 77.2, 76.7, 74.1, 77.4, 76.4 for the years 1951 to 1956 respectively. The 1951 census shows Newfoundland retail sales at 77.7 per cent of personal income compared with 90.0 per cent for Prince Edward Island, 78.3 per cent for Nova Scotia, 76.1 per cent for New Brunswick and 78.2 per cent for the three Maritime Provinces combined. This would seem to indicate that the use of personal income as the basis of our calculations rather than retail sales will give almost identical results in any comparison between Newfoundland and the Maritime Provinces.

Similarly, failure to take into account the tax base provided by taxable sales of machinery, equipment and construction materials to businesses would not seem likely to affect the calculation materially since the ratio between expenditures of this kind in Newfoundland and in the other Maritime Provinces appears to be about the same as the ratio between personal incomes in these two regions. For example, aggregate personal income in Newfoundland in the year 1956 was 23.4 per cent of aggregate personal income in the Maritime Provinces of Prince Edward Island, Nova Scotia and New Brunswick. Capital expenditure on machinery and equipment in 1956 in Newfoundland was 23 per cent of capital expenditure in the Maritime Provinces. Total expenditure on machinery and equipment in Newfoundland including repair as well as capital amounted to 21 per cent of the Maritime total. Similarly, if the total of capital expenditure and repair and maintenance be taken, that is all capital and repair expenditures on construction, machinery and equipment, the total for Newfoundland in 1956 was 23.1 per cent of the total for the Maritime Provinces of Prince Edward Island, Nova Scotia and New Brunswick. In view of the above, it would appear that although personal income has been used in the absence of a more refined base, a more refined base could not have been expected to produce significantly different results.

Motor vehicle licences

The method of estimating the possible yield in Newfoundland from motor vehicle licences and drivers' licences at Maritime rates was simply to apply the average Maritime collection per motor vehicle to the total registration in Newfoundland. The application of an average rate for all

Royal Commission on Newfoundland Finances

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|-------|-------|--------------------|-------|
| Motor vehicle licences, 1956 (\$000)..... | 579 | 4,909 | 3,912 | 9,400 | 1,418 |
| Motor vehicle registrations for 1956 (000)—total..... | 20.8 | 151.8 | 111.0 | 283.6 | 45.8 |
| Passenger cars only..... | 14.2 | 111.1 | 81.4 | 206.7 | 32.6 |
| Trucks and motor buses only..... | 6.5 | 39.5 | 24.5 | 70.5 | 12.5 |
| Average collections in 1956 per motor ve- hicle registration (\$)..... | | | | 33.15 | 30.96 |
| Yield of Newfoundland motor vehicle licences, drivers' licences, etc., if Mari- time rate of \$33.15 per motor vehicle is applied (\$000)..... | | | | | 1,518 |

motor vehicles would not appear to create any serious bias, since the percentage of total registrations made up by trucks and buses is not greatly different in Newfoundland than in the other Maritime Provinces.

Motor fuel taxes

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|-------------------------------------|--------|--------|--------|--------------------|-------|
| Motor fuel taxes, 1956 (\$000)..... | 1,444 | 13,202 | 10,823 | 25,469 | 3,959 |

The weighted average of the gasoline tax in the three Maritime Provinces for the year 1956 was 15.96¢ per gallon calculated as follows:

| | Taxable gasoline sales (thousands of gallons) | | Tax per gal. (cents) | | \$000 |
|------------|---|---|-------------------------|---|---------------------|
| P.E.I..... | 10,367 | X | 13 | = | 1,348 |
| N.S..... | 76,909 | X | 17 | = | 13,075 |
| N.B..... | 66,637 | X | 15 | = | 10,135 ¹ |
| Total..... | 153,913 | | | | 24,558 |

$$\text{Average tax per gallon} = \frac{24,558}{153,913} = 15.96\text{c.}$$

¹ Includes 139, being estimated tax on diesel fuel used in internal combustion engines.

The Newfoundland tax is 17c. per gallon.
Therefore, the yield of gasoline tax in
Newfoundland at the Maritime rate of
15.96c. per gallon would be 15.96 3,959

$$\frac{17.00}{1} \times 1 = 3,717$$

An alternative method would be to calculate the average Maritime tax per gallon on all gasoline sold for internal combustion purposes and to apply this average to the gross sales in Newfoundland. Since the amount of tax-exempt gasoline will probably differ because of differences in the economic structure of the regions, this method is probably inferior. However, the results are not greatly different, as indicated below.

Appendix III

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|--------|--------|--------------------|--------|
| Motor fuel taxes, 1956 (\$000)..... | 1,444 | 13,202 | 10,823 | 25,469 | 3,959 |
| Motor gasoline sales..... (fiscal year 1956-57) (millions of gallons) | | | | 192.7 | 28.6 |
| Average tax per gallon of sales..... | | | | 13.22c. | 13.84c |
| Yield of gasoline tax in Newfoundland at Maritime average rate of 13.22c. per gallon (\$000)..... | | | | | 3,781 |

Liquor control

The calculation of the yield from liquor control at Maritime rates is based on the published price lists of the Liquor Boards and on information supplied by the Nova Scotia Liquor Commission, the Newfoundland Board of Liquor Control and the Temperance Commission of Prince Edward Island.

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|--------|--------|--------------------|-------|
| Liquor Control, 1956 (\$000)..... | 1,201 | 10,943 | 7,370 | 19,514 | 3,828 |
| Gross sales of alcoholic beverages, 1955 | | | | | |
| Beer sales..... | 917 | 11,799 | 8,602 | 21,318 | 8,485 |
| add licence revenue..... | — | 221 | — | 221 | 28 |
| less cost of sales..... | 620 | 8,097 | 5,848 | 14,565 | 7,108 |
| profit on beer..... | 297 | 3,923 | 2,754 | 6,974 | 1,405 |
| percentage profit on beer..... | 48.0 | 48.5 | 47.1 | 47.9 | 19.8 |
| Sales of spirits and wines..... | 2,114 | 16,042 | 11,107 | 29,263 | 4,718 |
| add licence revenue..... | 30 | 61 | 15 | 106 | 153 |
| less cost of sales..... | 1,161 | 8,061 | 5,687 | 14,909 | 2,584 |
| profit on spirits and wines..... | 983 | 8,042 | 5,435 | 14,460 | 2,287 |
| percentage profit on spirits and wines.. | 84.7 | 99.8 | 95.6 | 97.0 | 88.5 |
| Yield of Newfoundland Liquor Control revenue at Maritime rates of 97.0% on spirits and wines and 47.9% on beer (1956) (\$000)..... | | | | | 5,506 |

The indicated average mark-up for Nova Scotia in the year 1955-56 was 99 per cent for spirits and wines and 45.8 per cent for beer. If licences are included, the average gross profit on cost of sales is 99.8 per cent for spirits and wines and 48.5 per cent for beer.

From information on the prices of spirits and wines in Nova Scotia and New Brunswick, it was estimated that an average bottle of spirits which costs \$4.89 in Nova Scotia would cost \$4.80 in New Brunswick. Hence, the New Brunswick mark-up for the year 1955-56 was taken to be

$$\frac{480}{489} \times \frac{199}{1} - 100 = 95.3 \text{ per cent, or if licences are included } 95.6 \text{ per cent.}$$

If the mark-up of 95.6 per cent for spirits and wines is assumed to be correct for New Brunswick, the remaining profits of the New Brunswick Liquor Control Board would have to be ascribed to profit on beer sales and this gives a resultant mark-up on beer of 47.1 per cent.

Royal Commission on Newfoundland Finances

Information from the Temperance Commission of Prince Edward Island indicates that the beer mark-up in Prince Edward Island averages about 48.0 per cent including the 10 per cent health tax. Using the average mark-up of 48.0 per cent for beer, the average mark-up for spirits and wines can be calculated as 82.1 per cent, or if licences are included 84.7 per cent.

The above mark-ups for the three Provinces of Prince Edward Island, Nova Scotia and New Brunswick indicate an average Maritime mark-up of 47.9 per cent for beer and 97.0 per cent for spirits and wines.

The above Maritime rates of profit can be applied to Newfoundland sales of alcoholic beverages to estimate liquor control revenue at Maritime rates. The application of the Maritime percentage mark-up of 47.9 per cent on beer would give a profit of \$3,405,000 on the total sales of \$7,108,000. However, the use of the Maritime percentage mark-up might be regarded as unreasonable because the Newfoundland Liquor Control Board pays considerably higher prices for beer, particularly to the local breweries. The application of the same percentage mark-up would, therefore, result in a considerably higher absolute profit (or tax) per bottle or per case. The cost of beer to the Newfoundland Liquor Control Board appears to be about 30 per cent higher than to the Maritime Liquor Boards and it follows that a mark-up of 37 per cent on this higher Newfoundland price would give the same absolute profit per bottle as a 47.9 per cent mark-up in the Maritimes. It can be argued that this is the way to apply the same rate of tax on beer as exists in the Maritime Provinces. Although this method is used here it can also be argued that equal rates of taxation would apply if the percentage profit were the same per dollar of sales, the method used in equating the sales tax rate.

The yield from liquor control in Newfoundland at Maritime rates in 1955-56 would be

| | | |
|--|--|------------------|
| On wines and spirits | $\frac{2,584,000}{1} \times \frac{97.0}{100} =$ | \$2,506,000 |
| On beer | $\frac{7,108,000}{1} \times \frac{37.0}{100} =$ | 2,630,000 |
| Total yield at Maritime rates = \$5,136,000 | | |
| This would raise the 1955-56 actual yield in the ratio of 5,136,000 | | |
| | | <u>3,692,000</u> |
| or by 39.1 per cent and the 1956-57 revenue of \$4,291,000 (excluding fines and penalties) should accordingly be raised to | $\frac{4,291,000}{1} \times \frac{5,136,000}{3,692,000}$ | |
| | | <u>5,486,000</u> |
| —483,000 (administrative costs) | | |
| add fines and penalties | | <u>20,000</u> |
| Yield of liquor control revenue in Newfoundland | | |
| at Maritime rates | | \$5,506,000 |

Property taxes

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|--------|--------|--------------------|-------------|
| Property taxes, 1956 (\$000)..... | 1,735 | 24,156 | 19,353 | 45,244 | 2,268 |
| Taxes as a percentage of lending value | | | | | |
| —CMHC sample, 1957..... | 1.1 | 1.5 | 1.2 | 1.3 | .7 |
| Yield of Newfoundland property taxes at Maritime rate of 1.3% of lending value— | | | | | |
| Incorporated municipalities (\$000)..... | | | | | 4,212 |
| Unincorporated areas (\$000)..... | | | | | 1,094 |
| | | | | | <hr/> 5,306 |

The estimate of what a real property tax at Maritime rates would yield in Newfoundland must be regarded as extremely tentative. The comparison of rates of real property taxation is based on a small sample collected by Central Mortgage and Housing Corporation in connection with loan applications on new houses. Information was not available which could support a comparison of the rates of real property taxation on older properties. The fact that rates of real property taxation are considerably higher in the Maritimes than in Newfoundland is supported by general observation and by the opinion of those experienced in this field. In addition to the Maritime rate of property taxation being considerably higher than that in Newfoundland, property taxes apply almost everywhere in the Maritimes while about two-thirds of Newfoundland's population is in areas without municipal organization. The rate of property taxation in the rural part of the Maritimes is as follows:

| | Population | Levy |
|-----------------------------------|------------|---------------|
| New Brunswick—1956 | | |
| Counties..... | 353,551 | \$ 7,547,161 |
| Schools, L.I.D.'s and Commissions | — | \$ 1,172,909 |
| Nova Scotia—1955 | | |
| Rural Municipalities..... | 344,865 | \$ 5,382,714 |
| Total..... | 698,416 | \$ 14,102,784 |
| Per capita levy is \$20.19 | | |

In 1955 the population of Newfoundland was 406,000 of which 135,129 lived in areas with some municipal organization. The remaining 270,871 people lived in areas not organized municipally. There is no way of knowing how the real property tax base in the unorganized areas of Newfoundland compares with the real property base in the Maritimes. But for the present calculation it was assumed that a real property tax applied at Maritime rates in the unorganized areas of Newfoundland would yield one-fifth the amount per capita collected from property taxes in the rural

Royal Commission on Newfoundland Finances

part of the Maritimes, or \$4.04 per capita. Hence, a further amount of $270,871 \times 4.04 = \$1,094,000$ was added as the yield of real property taxes applied at Maritime rates to that part of Newfoundland without municipal organization.

Poll taxes

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|--|--------|------|-------|--------------------|-------|
| Poll taxes, 1956 (\$000)..... | 103 | 792 | 1,689 | 2,584 | 110 |
| Labour force—age 20-64 inclusive, fiscal year 1956-57 (000)..... | | | | 365 | 93 |
| Average poll tax per person in labour force (\$).... | | | | 7.08 | 1.18 |
| Yield of Newfoundland poll tax at Maritime rate of \$7.08 per person in labour force (\$000)..... | | | | | 658 |

Miscellaneous revenue

| | P.E.I. | N.S. | N.B. | Total Maritimes | Nfld. |
|---|--------|-------|-------|--------------------|-------|
| Miscellaneous taxes, licences, fees and other revenue, 1956 (\$000)..... | 537 | 3,861 | 2,897 | 7,295 | 1,430 |
| Provincial..... | 311 | 1,776 | 1,665 | 3,752 | 1,005 |
| Municipal..... | 226 | 2,085 | 1,232 | 3,543 | 425 |
| Population 21-65 inclusive (000)..... | | | | 638 | 181 |
| Average levy per person over 20 years of age and under 66 (\$)— | | | | | |
| Provincial..... | | | | 5.88 | 5.55 |
| Municipal..... | | | | 5.55 | 2.35 |
| | | | | 11.43 | 7.90 |
| Yield from miscellaneous taxes at Maritime rates (\$000)..... | | | | | 1,430 |

Examination of the detail of miscellaneous taxes, licences and other revenue indicates that Newfoundland per capita provincial revenue from these sources is comparable with that of the Maritime Provinces, while miscellaneous municipal revenue is much smaller per capita than that of the Maritime Provinces. Since the lower per capita municipal revenues are probably the result of the much lower degree of municipal organization in Newfoundland rather than of lower rates of licences, fees, etc., it was thought best not to make any upward adjustment in miscellaneous revenue.

APPENDIX IV

MISCELLANEOUS STATISTICAL INFORMATION

Royal Commission on Newfoundland Finances

TABLE 25

POPULATION AND PERSONAL INCOME

CANADA, NEWFOUNDLAND AND THE MARITIME PROVINCES OF PRINCE EDWARD ISLAND,
NOVA SCOTIA AND NEW BRUNSWICK

| | 1926 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|-------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| Population (thousands)— | | | | | | | | | |
| Newfoundland..... | | 345 | 351 | 361 | 374 | 383 | 395 | 406 | 415 |
| Maritime provinces | | | | | | | | | |
| combined..... | 998 | 1,231 | 1,246 | 1,257 | 1,279 | 1,297 | 1,314 | 1,330 | 1,349 |
| Prince Edward Island | 87 | 94 | 96 | 98 | 100 | 101 | 101 | 100 | 99 |
| Nova Scotia..... | 515 | 629 | 638 | 643 | 653 | 663 | 673 | 683 | 695 |
| New Brunswick..... | 396 | 508 | 512 | 516 | 526 | 533 | 540 | 547 | 555 |
| Canada..... | 9,451 | 13,447 | 13,712 | 14,009 | 14,459 | 14,845 | 15,287 | 15,698 | 16,081 |
| Personal Income | | | | | | | | | |
| (millions of dollars) | | | | | | | | | |
| Newfoundland..... | | 163 | 177 | 205 | 219 | 242 | 258 | 274 | 305 |
| Maritime provinces | | | | | | | | | |
| combined..... | 276 | 817 | 864 | 942 | 1,030 | 1,071 | 1,111 | 1,157 | 1,279 |
| Prince Edward Island | 21 | 51 | 53 | 60 | 71 | 66 | 69 | 69 | 76 |
| Nova Scotia..... | 147 | 438 | 463 | 499 | 553 | 591 | 607 | 631 | 694 |
| New Brunswick..... | 108 | 328 | 348 | 383 | 406 | 414 | 435 | 457 | 509 |
| Canada..... | 4,014 | 12,638 | 13,428 | 15,824 | 17,395 | 18,336 | 18,421 | 19,820 | 21,958 |
| Personal Income per | | | | | | | | | |
| capita (dollars)— | | | | | | | | | |
| Newfoundland..... | | 472 | 504 | 568 | 586 | 632 | 653 | 675 | 735 |
| Maritime provinces | | | | | | | | | |
| combined..... | 277 | 664 | 693 | 749 | 805 | 826 | 846 | 870 | 948 |
| Prince Edward Island | 241 | 543 | 552 | 612 | 710 | 653 | 683 | 690 | 768 |
| Nova Scotia..... | 285 | 696 | 726 | 776 | 847 | 891 | 902 | 924 | 999 |
| New Brunswick..... | 273 | 646 | 680 | 742 | 772 | 777 | 806 | 835 | 917 |
| Canada..... | 425 | 940 | 979 | 1,130 | 1,203 | 1,235 | 1,205 | 1,263 | 1,365 |

TABLE 26

POPULATION BY AGE GROUPS

NEWFOUNDLAND AND THE MARITIME PROVINCES OF PRINCE EDWARD ISLAND,
NOVA SCOTIA AND NEW BRUNSWICK

| | 1956 | | | | |
|--------------------------|-------------------|-------------------------|----------------|------------------|--------------------|
| | New- foundland | Prince Edward Island | Nova Scotia | New Brunswick | Total Maritimes |
| Population by Age Groups | | | | | |
| 0-4..... | 63,374 | 12,285 | 85,972 | 74,299 | 172,556 |
| 5-9..... | 59,539 | 12,521 | 82,033 | 73,034 | 167,588 |
| 10-14..... | 45,997 | 9,828 | 67,566 | 57,938 | 135,332 |
| 15..... | 7,825 | 1,766 | 12,045 | 10,235 | 24,046 |
| 16..... | 7,422 | 1,721 | 11,614 | 9,882 | 23,217 |
| 17..... | 7,072 | 1,662 | 11,222 | 9,483 | 22,367 |
| 18..... | 6,787 | 1,572 | 10,876 | 8,991 | 21,439 |
| 19..... | 6,554 | 1,469 | 10,569 | 8,457 | 20,495 |
| 15-19..... | 35,660 | 8,190 | 56,326 | 47,048 | 111,564 |
| 20-24..... | 30,018 | 6,147 | 49,069 | 36,421 | 91,637 |
| 25-29..... | 27,054 | 5,369 | 44,755 | 33,838 | 83,962 |
| 30-34..... | 25,153 | 5,633 | 45,673 | 35,448 | 86,754 |
| 35-39..... | 25,228 | 5,895 | 46,445 | 34,638 | 86,978 |
| 40-44..... | 22,638 | 5,793 | 43,444 | 31,862 | 81,099 |
| 45-49..... | 18,307 | 5,083 | 36,783 | 27,627 | 69,493 |
| 50-54..... | 14,134 | 4,252 | 28,972 | 21,980 | 55,204 |
| 55-59..... | 12,599 | 4,085 | 25,791 | 19,785 | 49,661 |
| 60-64..... | 10,584 | 3,854 | 22,981 | 17,506 | 44,341 |
| 65-69..... | 8,911 | 3,325 | 19,926 | 15,348 | 38,599 |
| 70-74..... | 7,323 | 2,946 | 16,827 | 12,372 | 32,145 |
| 75-79..... | 4,687 | 2,026 | 11,387 | 8,163 | 21,576 |
| 80-84..... | 2,516 | 1,203 | 6,548 | 4,472 | 12,223 |
| 85-89..... | 1,046 | 593 | 3,049 | 2,040 | 5,682 |
| 90 and over..... | 306 | 257 | 1,170 | 797 | 2,224 |
| Total..... | 415,074 | 99,285 | 694,717 | 554,616 | 1,348,618 |
| Number of families..... | 82,128 | 21,153 | 154,243 | 116,623 | 292,019 |
| Average family size..... | 4.6 | 4.1 | 3.9 | 4.2 | 4.1 |

TABLE 27
PRICES INDICES AND CAPITAL ASSETS
1949—1956

| | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <i>Price Indices</i> | | | | | | | | | |
| Newfoundland | | | | | | | | | |
| Average salary of provincial government employees..... | | 100.0 | 100.2 | 103.2 | 116.4 | 130.1 | 146.1 | 147.7 | 150.3 |
| Average salary of teachers..... | | 100.0 | 108.3 | 121.2 | 133.9 | 138.7 | 166.4 | 177.8 | 189.2 |
| All Canada | | | | | | | | | |
| Consumer price index..... | | 100.0 | 102.9 | 113.7 | 116.5 | 115.5 | 116.2 | 116.4 | 118.1 |
| Highway and railway construction..... | | 100.0 | 103.7 | 114.0 | 120.3 | 124.3 | 124.9 | 127.4 | 133.5 |
| Non-residential construction.. | | 100.0 | 105.0 | 118.0 | 125.3 | 129.8 | 129.5 | 132.1 | 138.5 |
| Machinery and equipment..... | | 100.0 | 105.9 | 119.8 | 120.3 | 122.8 | 124.7 | 126.4 | 134.8 |
| <i>Capital Assets—Newfoundland</i> | | | | | | | | | |
| Miles of surfaced highway | | | | | | | | | |
| Bituminous pavement..... | | 24 | 20 | 30 | 30 | 30 | 33 | 33 | 33 |
| Bituminous surface..... | | 89 | 101 | 97 | 97 | 97 | 97 | 97 | 88 |
| Gravel construction..... | | 1,620 | 1,800 | 1,800 | 2,300 | 2,390 | 2,050 | 2,140 | 2,705 |
| Total..... | | 1,733 | 1,921 | 1,927 | 2,427 | 2,517 | 2,180 | 2,270 | 2,826 |
| Number of school classrooms..... | 2,286 | 2,354 | 2,477 | 2,513 | 2,623 | 2,749 | 2,878 | 2,998 | 3,250 |
| Rated bed capacity of hospitals | 1,614 | | | | | | | | 2,686 |

TABLE 28
INCOME DISTRIBUTION
PERCENTAGE DISTRIBUTION OF UNATTACHED INDIVIDUALS AND FAMILIES BY INCOME GROUPS:
NEWFOUNDLAND AND THE MARITIME PROVINCES, 1954
(Source—Dominion Bureau of Statistics)

| Income Groups | Newfoundland | | | Maritime Provinces | | |
|------------------------|------------------------|----------|---------|------------------------|----------|---------|
| | Unattached Individuals | Families | Total | Unattached Individuals | Families | Total |
| Percentage | | | | | | |
| Under \$500..... | 36.1 | 8.4 | 11.1 | 31.9 | 2.7 | 7.9 |
| \$ 500—\$999..... | 22.2 | 10.8 | 11.9 | 20.4 | 11.8 | 13.3 |
| \$ 1,000—\$1,499..... | 19.4 | 14.7 | 15.2 | 19.5 | 11.2 | 12.7 |
| \$ 1,500—\$1,999..... | 2.8 | 11.7 | 10.8 | 8.8 | 10.2 | 10.0 |
| \$ 2,000—\$2,499..... | 13.9 | 7.8 | 8.4 | 8.0 | 10.4 | 10.0 |
| \$ 2,500—\$2,999..... | — | 7.2 | 6.5 | — | 12.9 | 10.6 |
| \$ 3,000—\$3,499..... | — | 8.1 | 7.3 | 3.5 | 10.0 | 8.9 |
| \$ 3,500—\$3,999..... | 5.6 | 11.1 | 10.6 | 2.7 | 8.5 | 7.4 |
| \$ 4,000—\$4,499..... | — | 3.9 | 3.5 | 0.9 | 6.9 | 5.9 |
| \$ 4,500—\$4,999..... | — | 0.9 | 0.8 | 1.8 | 4.8 | 4.3 |
| \$ 5,000—\$6,999..... | — | 9.9 | 8.9 | 1.8 | 7.5 | 6.5 |
| \$ 7,000—\$9,999..... | — | 3.9 | 3.5 | — | 1.7 | 1.4 |
| \$10,000 and over..... | — | 1.5 | 1.4 | 0.9 | 1.3 | 1.3 |
| Total..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Average Income..... | \$1,021 | \$2,826 | \$2,650 | \$1,398 | \$2,938 | \$2,663 |
| Median Income..... | \$813 | \$2,282 | \$2,060 | \$944 | \$2,643 | \$2,305 |

The original sample size for Newfoundland was 300 and for the Maritimes 500.

APPENDIX V

NEWFOUNDLAND FINANCIAL STATEMENTS

prepared by

MR. JAMES C. THOMPSON, financial adviser to the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1957

presented by

the Government of Newfoundland to the Royal Commission on Newfoundland Finances under the Terms of Union at public hearings held at St. John's, Newfoundland, July 22, 1957, and brought up to date January, 1958

FINANCIAL SURPLUS ACCOUNT

For the fiscal years ended nearest to December 31, 1949 to 1956 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 |
|--|--------|--------|---------|--------|--------|--------|--------|-----------------------------|
| Opening balance | | | | | | | | |
| Portion..... | 13,427 | 10,008 | 10,543 | 10,822 | 10,890 | 10,941 | 11,060 | 11,039 |
| Portion..... | 26,856 | 21,856 | 13,718 | 8 | | | | |
| | 40,283 | 31,864 | 24,261 | 10,830 | 10,890 | 10,941 | 11,060 | 11,039 |
| Additions | | | | | | | | |
| Recoveries of Pre-Union assets in excess of amounts estimated | | | | | | | | |
| Portion..... | 237 | 600 | 283 | 75 | 56 | 128 | 70 | 21 |
| Portion..... | 475 | 1199 | 565 | 151 | 111 | 255 | 140 | 42 |
| | 712 | 1799 | 848 | 226 | 167 | 383 | 210 | 63 |
| Decrease or increase (-) in Pre-Union liabilities | | | | | | | | |
| Portion..... | 79 | -65 | -8 | -5 | -5 | -9 | -8 | |
| Portion..... | 157 | -130 | -17 | -11 | -11 | -18 | -16 | -1 |
| | 236 | -195 | -25 | -16 | -16 | -27 | -24 | -1 |
| Sundry adjustments | | | | | | | | |
| Portion..... | 1 | | 4 | -2 | | | -24 | |
| Portion..... | | | 10 | -3 | | | -47 | |
| | 1 | | 14 | -5 | | | -71 | |
| Sub-total additions | | | | | | | | |
| Portion..... | 317 | 535 | 279 | 68 | 51 | 119 | 38 | 21 |
| Portion..... | 632 | 1069 | 558 | 137 | 100 | 237 | 77 | 41 |
| | 949 | 1604 | 837 | 205 | 151 | 356 | 115 | 62 |
| Deductions | | | | | | | | |
| Transferred to meet current account deficit and capital expenditure, as per Statement 4 | | | | | | | | |
| Portion..... | 3,736 | | | | | | 59 | 11,060 |
| Portion..... | 5,632 | 9,207 | 14,268 | 145 | 100 | 237 | 77 | 41 |
| | 9,368 | 9,207 | 14,268 | 145 | 100 | 237 | 136 | 11,101 |
| Total increase or decrease (-) | | | | | | | | |
| Portion..... | -3,419 | 535 | 279 | 68 | 51 | 119 | -21 | -11,039 |
| Portion..... | -5,000 | -8,138 | -13,710 | -8 | | | | |
| | -8,419 | -7,603 | -13,431 | 60 | 51 | 119 | -21 | -11,039 |
| Closing balance | | | | | | | | |
| Portion..... | 10,008 | 10,543 | 10,822 | 10,890 | 10,941 | 11,060 | 11,039 | |
| Portion..... | 21,856 | 13,718 | 8 | | | | | |
| | 31,864 | 24,261 | 10,830 | 10,890 | 10,941 | 11,060 | 11,039 | |

Royal Commission on Newfoundland Finances

STATEMENT 2

PROVINCE OF NEWFOUNDLAND

NET FUNDED, UNFUNDED AND GUARANTEED DEBT

At March 31, 1949 to 1958 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Subject to audit 1957 | Estimated 1958 |
|---|--------|--------|-------|-------|--------|--------|--------|--------|-----------------------|----------------|
| Funded debt | | | | | | | | | | |
| 3½% War Loan 1940-65..... | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 3½% First Victory Loan 1942-57..... | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| 3½% Second Victory Loan 1943-58..... | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| 4½% Development Loan 1952-64..... | ..... | ..... | ..... | ..... | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| 4% Fisheries Development Loan..... | ..... | ..... | ..... | ..... | ..... | ..... | 12,000 | 12,000 | 12,000 | 12,000 |
| 3½% Schools and Roads Loan..... | ..... | ..... | ..... | ..... | ..... | ..... | 16,000 | 16,000 | 16,000 | 16,000 |
| Estimated borrowing for 1958..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 13,000 |
| Less sinking funds..... | 5,000 | 5,000 | 5,000 | 5,000 | 15,000 | 15,000 | 27,000 | 43,000 | 43,000 | 54,500 |
| Net funded debt..... | 765 | 915 | 1,055 | 1,207 | 1,374 | 1,828 | 2,301 | 3,166 | 4,577 | 5,418 |
| Net funded debt..... | 4,235 | 4,085 | 3,945 | 3,793 | 13,626 | 13,172 | 24,699 | 39,834 | 38,423 | 49,082 |
| Due to St. John's Municipal Council..... | ..... | ..... | ..... | ..... | 734 | 726 | 718 | 710 | 702 | 694 |
| Due to Federal Government for overpayments under tax rental agreements..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 511 | 408 |
| Contingent liabilities (Government guaranteed debt) | | | | | | | | | | |
| Bowaters Newfoundland Pulp & Paper Mills Ltd..... | 6,075 | 4,500 | 4,142 | 2,490 | 2,490 | 2,490 | 2,436 | ..... | ..... | ..... |
| Other..... | 525 | 525 | 1,726 | 3,462 | 4,980 | 7,402 | 11,223 | 13,530 | 17,582 | 15,986 |
| Unfunded debt, or unspent borrowings (-)..... | 10,310 | 9,110 | 9,813 | 9,745 | 21,830 | 23,790 | 39,076 | 54,074 | 57,218 | 66,170 |
| | 10,310 | 9,110 | 9,813 | 9,745 | 15,726 | 24,023 | 41,318 | 53,588 | 58,137 | 71,031 |
| Increase or decrease (-) in net funded, unfunded and guaranteed debt, as per Statement 4..... | ..... | -1,200 | 703 | -68 | 5,981 | 8,297 | 17,295 | 12,270 | 4,549 | 12,894 |

Notes:

1. A guarantee for \$16,500,000 Wabush Lake Railway Company Ltd. bonds which was outstanding at March 31, 1957 was subsequently cancelled and has therefore been omitted from the above statements.

2. Unexpended funds not included above:

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| ½ portion of Pre-Union Surplus on deposit with the Government of Canada..... | 13,427 | 10,008 | 10,543 | 10,822 | 10,890 | 10,941 | 11,060 | 11,039 | ..... | ..... |
| ¾ portion of Pre-Union Surplus..... | 26,856 | 21,856 | 13,718 | 8 | ..... | ..... | ..... | ..... | ..... | ..... |
| | 40,283 | 31,864 | 24,261 | 10,830 | 10,890 | 10,941 | 11,060 | 11,039 | ..... | ..... |

ANALYSIS OF INCREASE OR DECREASE (—) IN GUARANTEES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | Out- standing March 31, 1949 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Esti- mated March 31, 1957 | Esti- mated Out- standing March 31, 1958 ¹ |
|---|---------------------------------------|------|------|------|------|------|------|------|------|-------------------------------------|--|
| Social welfare | | | | | | | | | | | |
| Northern Labrador Trading Operations..... | | | | 200 | —200 | | | | | | |
| Education | | | | | | | | | | | |
| St. John's U.C. Board of Education..... | | | 23 | 7 | —10 | | —20 | | | | |
| Fortune U.C. Board of Education..... | | | | | | | | 15 | —3 | —3 | 9 |
| Conception Bay South C. of E. Board of Education..... | | | | | | | | 20 | —1 | —3 | 16 |
| Corner Brook Regional High School..... | | | | | | | | 300 | 538 | —796 | 42 |
| St. Anthony Amalgamated School..... | | | | | | | | 10 | —1 | —3 | 6 |
| Channel C. of E. Board of Education..... | | | | | | | | | 60 | —7 | 53 |
| Humbermouth R.C. Board of Education..... | | | | | | | | | 72 | 95 | 167 |
| Brigus U.C. Board of Education..... | | | | | | | | | 40 | —8 | 32 |
| Corner Brook School Tax Authority..... | | | | | | | | | 26 | 4 | 30 |
| Stephenville Amalgamated School..... | | | | | | | | | 10 | —4 | 6 |
| C. of E. Board of Education, Wabana..... | | | | | | | | | | 50 | 50 |
| | | | 23 | 7 | —10 | | —20 | 345 | 741 | —675 | 411 |

¹ Based on actual at December 31, 1957.

PROVINCE OF NEWFOUNDLAND

ANALYSIS OF INCREASE OR DECREASE (—) IN GUARANTEES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | Out- standing March 31, 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Esti- mated March 31, 1957 | Esti- mated Out- standing March 31, 1958 ¹ |
|--|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------------------------------------|--|
| Natural resources and primary industries | | | | | | | | | | |
| Fish and game | | | | | | | | | | |
| Mifflin Fisheries Ltd..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 61 | 446 | 507 |
| W. W. Wareham Ltd..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 150 | -150 | ..... |
| John Penney & Sons Ltd..... | ..... | ..... | 90 | ..... | -9 | -9 | -9 | -9 | -9 | 45 |
| Northeastern Fish Industries Ltd..... | ..... | ..... | ..... | 75 | 313 | -15 | -173 | ..... | ..... | 200 |
| Alberto Fisheries Ltd..... | 65 | ..... | ..... | ..... | -3 | -2 | -10 | -50 | ..... | ..... |
| Andrews Labrador Fisheries Ltd..... | 135 | -5 | -10 | ..... | 30 | -22 | -49 | 33 | -26 | 86 |
| Arctic Fisheries Products Ltd..... | ..... | 60 | 65 | -12 | -26 | ..... | -87 | 62 | -12 | 50 |
| Bonavista Cold Storage Co. Ltd..... | ..... | ..... | ..... | ..... | 1,033 | -594 | -32 | 319 | ..... | 726 |
| Dunphy's Ltd..... | ..... | ..... | 45 | -9 | ..... | -9 | -9 | -9 | ..... | ..... |
| Fishery Products Ltd..... | ..... | 350 | -45 | -46 | 255 | -346 | 118 | 534 | -299 | 631 |
| Bonavista Fish Meals & Oils Ltd..... | 110 | ..... | ..... | 27 | ..... | ..... | -27 | ..... | ..... | ..... |
| Hollett Sons & Co. Ltd..... | ..... | ..... | 125 | -12 | -76 | -6 | -7 | -6 | ..... | 18 |
| McLellan, C. F..... | ..... | ..... | ..... | ..... | 75 | ..... | ..... | 76 | ..... | 151 |
| Olsen Whaling & Sealing Ltd..... | ..... | 375 | -75 | ..... | ..... | -75 | -40 | -35 | -38 | 112 |
| Richard Ltd..... | 160 | -160 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Seaway Co-op Society Ltd..... | 5 | -5 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Northeastern Co-op Fisheries Ltd..... | ..... | 35 | ..... | -35 | ..... | ..... | ..... | ..... | ..... | ..... |
| Northlantic Fisheries Ltd..... | ..... | ..... | 475 | ..... | -475 | ..... | ..... | ..... | ..... | ..... |
| Gaulois Fisheries Ltd..... | ..... | ..... | 170 | -170 | ..... | ..... | ..... | ..... | ..... | ..... |
| Burgo Fish Industries Ltd..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 18 | 18 |
| Cape St. Francis Co-op Society Ltd..... | ..... | ..... | ..... | ..... | ..... | 317 | -317 | ..... | ..... | ..... |
| Canada Bay Cold Storage Co. Ltd..... | ..... | ..... | ..... | ..... | ..... | 10 | -3 | -3 | -4 | ..... |
| Buffett Fisheries Ltd..... | ..... | ..... | ..... | ..... | ..... | ..... | 56 | 57 | -113 | ..... |
|  | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 262 | 262 |
| | 475 | 650 | 840 | -182 | 1,108 | -751 | -589 | 1,180 | 75 | 2,806 |

¹ Based on actual at December 31, 1957.

PROVINCE OF NEWFOUNDLAND

ANALYSIS OF INCREASE OR DECREASE (—) IN GUARANTEES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | Out- standing March 31, 1949 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Esti- mated Out- standing March 31, 1958 ¹ |
|---|--|--------|--------|--------|------|-------|------|--------|--------|--|
| Natural resources and primary industries | | | | | | | | | | |
| Land settlement and agriculture | | | | | | | | | | |
| Springdale Fur Farmers Co-op Society Ltd. | | | | 7 | | | -7 | | | |
| Minerals and mines | | | | | | | | | | |
| Newfoundland Asbestos Ltd. | | | | | | 85 | -50 | -35 | | |
| St. Lawrence Corporation of Newfoundland Ltd. | | 50 | 478 | -70 | -58 | -45 | -50 | -305 | | |
| | | 50 | 478 | -70 | -58 | 40 | -100 | -340 | | |
| Other natural resources and primary industries | | | 40 | -40 | | | | | | |
| Trade and industrial development | | | | | | | | | | |
| Bowaters Nfld. Pulp & Paper Mills Ltd.— 3½% "B" Mortgage Debenture Stock due 1970 | 6,075 | -1,575 | -358 | -1,652 | | | -54 | -2,436 | | |
| Atlantic Films & Electronics Ltd. | | | | | | 50 | -50 | | | |
| Atlantic Hardboard Industries Ltd. | | | | | | 200 | -200 | | | 40 |
| Newfoundland Hardwoods Ltd. | | | | 122 | -17 | 393 | 178 | 918 | 173 | -1,767 |
| Superior Rubber Co. Ltd. | | | | | | | | 200 | | |
| Terra Nova Textiles Ltd. | | | | | | 105 | -105 | | | |
| Hanning Electric Co. Ltd. | | | | | | | | 122 | -101 | |
| Eckhardt Mills Ltd. | | | | | | | | 185 | -275 | |
| Fortune Bay Products Ltd. | | | | | | | | 200 | | |
| Fortune Shipping Ltd. | | | | | | | | -250 | | |
| Union Electric Light & Power Co. | | | | | | | | | | |
| Koch Shoes Ltd. | | | | | | | | | 200 | 1,400 |
| Blackmore, Capt. J. H. | | | | | | | | | -60 | |
| Atlantic Gypsum Ltd. | | | | | | | | | -240 | |
| Newfoundland Tanneries (Wm. Dorn) Ltd. | | | | | | | | | -21 | 54 |
| Random Regional Exhibition Association | | | | | | | | | 300 | 50 |
| Wellon, Raymond | | | | | | | | | 200 | |
| McKenzie Ltd. | | | | | | | | | 97 | -155 |
| Atlantic Gloves Ltd. | | | | | | | | | 38 | |
| Tourist Cabins Ltd. | | | | | | | | | 1 | 56 |
| Valley Properties Ltd. | | | | | | | | | 81 | 151 |
| A. Adler of Canada Ltd. | | | | | | | | | 175 | |
| United Cotton Mills Ltd. | | | | | | | | | 7 | |
| Other | | | | | | | | | 49 | 38 |
| | | | | | | | | | 40 | 32 |
| | | | | | | | | | | 95 |
| | | | | | | | | | 55 | 50 |
| | | | | 5 | 20 | | | | 107 | 317 |
| | | | | | | | -25 | 214 | | |
| 6,075 | -1,575 | -358 | -1,525 | 3 | 748 | 1,680 | -611 | 627 | -2,831 | 2,233 |

¹ Based on actual at December 31, 1957.

Royal Commission on Newfoundland Finances

STATEMENT 3—Concluded

PROVINCE OF NEWFOUNDLAND

ANALYSIS OF INCREASE OR DECREASE (—) IN GUARANTEES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | Out- standing March 31, 1949 | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | 1956 | Esti- mated March 31, 1958 ¹ |
|--|--|--------|-------|-------|-------|-------|-------|-------|-------|--|
| Municipal | | | | | | | | | | |
| Town of Carbonear..... | | | | 22 | -11 | -2 | -5 | -2 | -2 | ..... |
| Town of Corner Brook East..... | | | 10 | -2 | -2 | -2 | 450 | ..... | -4 | ..... |
| Town of Stephenville..... | | | | 115 | ..... | 150 | ..... | ..... | ..... | 600 |
| Town of Fortune..... | | | | 200 | ..... | ..... | -4 | 55 | -8 | 150 |
| Town of Grand Bank..... | | | | 50 | ..... | ..... | -7 | -8 | -8 | 169 |
| Town of Harbour Grace..... | | | | 120 | ..... | ..... | -2 | -2 | -2 | 42 |
| Town of Lewisporte..... | | | | 160 | ..... | ..... | -6 | -6 | -48 | 166 |
| Rural District Council Springdale—South Brook..... | | | | | | | -5 | -5 | -5 | 140 |
| Greater Corner Brook..... | | | | 1,500 | ..... | ..... | 1,500 | 1,000 | -26 | 3,948 |
| Town of St. Lawrence..... | | | | | | 375 | ..... | ..... | -20 | 335 |
| Town of Channel—Fort aux Basques..... | | | | | 238 | ..... | -12 | -12 | -12 | 190 |
| Town of Deer Lake..... | | | | 120 | ..... | ..... | 60 | 53 | -7 | 219 |
| Town of Freshwater..... | | | | | 120 | ..... | ..... | -7 | -7 | 102 |
| Berry Head Community..... | | | | | | 5 | -4 | ..... | -1 | ..... |
| City of St. John's..... | | | | | | | 1,000 | ..... | ..... | 2,500 |
| Town of Mount Pearl Park—Glendale..... | | | | | | | | | 35 | 30 |
| Town of Jerseyside..... | | | | | | | | | 65 | 150 |
| Town of Placentia..... | | | | | | | | | 50 | 120 |
| Town of Windsor..... | | | | | | | | | 800 | 800 |
| Town of Wabana..... | | | | | | | | | | 25 |
| | | | 10 | 665 | 1,965 | 526 | 2,965 | 1,066 | 954 | 9,686 |
| Other guarantees | | | | | | | | | | |
| St. John's Housing Corporation..... | | | | | | | | | 550 | 850 |
| | | | | | | | | | | |
| ..... | 6,075 | -1,050 | 843 | 84 | 1,518 | 2,422 | 3,767 | -129 | 4,052 | -1,596 |
| Deduct | | | | | | | | | | |
| Bowaters Newfoundland Pulp & Paper Mills Ltd., 3½% "B" Debenture Stock, refunded by the company without the guarantee of the Province..... | | | | | | | 54 | 2,436 | ..... | ..... |
| Net annual increase and estimated total outstanding at March 31, 1958 ² | | 525 | 1,201 | 1,736 | 1,518 | 2,422 | 3,821 | 2,307 | 4,052 | -1,596 |
| | | | | | | | | | | 15,986 |

¹ Based on actual at December 31, 1957.

² Excluding a guarantee for \$10,500,000 Wabush Lake Railway Company Ltd. bonds in 1956 which was cancelled in 1957.

SUMMARY OF OVERALL FINANCIAL REQUIREMENTS

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|--------|--------|--------|--------|--------|--------|--------|-----------------------------|------------------------|
| Ordinary expenditure—Statement 6..... | 22,022 | 21,383 | 24,862 | 25,774 | 29,490 | 32,116 | 35,266 | 38,582 | 44,958 |
| Less ordinary revenue—Statement 5..... | 17,424 | 21,028 | 25,183 | 31,734 | 31,641 | 32,851 | 33,534 | 36,794 | 39,307 |
| Deficit or surplus (—) on ordinary account..... | 4,598 | 355 | -321 | -5,960 | -2,151 | -735 | 1,732 | 1,788 | 5,651 |
| Adjustments added to or deducted from deficit..... | 389 | 82 | -157 | -85 | 489 | 231 | 234 | 617 | -1,173 |
| Adjusted deficit or surplus (—) on ordinary account..... | 4,987 | 437 | -478 | -6,045 | -1,662 | -504 | 1,966 | 2,405 | 4,478 |
| Adjusted deficit or surplus (—) on ordinary account..... | 4,987 | 437 | -478 | -6,045 | -1,662 | -504 | 1,966 | 2,405 | 4,478 |
| Capital expenditure—Statement 7..... | 4,055 | 6,153 | 5,133 | 3,218 | 3,729 | 7,381 | 7,923 | 7,101 | 5,188 |
| Guarantees—Statement 3 ¹ | 525 | 1,201 | 1,736 | 1,518 | 2,422 | 3,821 | 2,307 | 4,052 | -1,596 |
| Loans and advances—Statement 9..... | 326 | 2,617 | 9,613 | 7,602 | 4,362 | 7,361 | 3,511 | 3,503 | 6,304 |
| Total requirements..... | 9,893 | 10,408 | 16,004 | 6,293 | 8,851 | 18,059 | 15,707 | 17,061 | 14,374 |
| Refund of overpayment under tax rental agreement..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 103 |
| Sinking fund instalments and earnings—Statement 11..... | 150 | 140 | 152 | 167 | 454 | 473 | 865 | 1,411 | 1,377 |
| Provided from financial surplus—Statement 1..... | 9,368 | 9,207 | 14,268 | 145 | 100 | 287 | 136 | 11,101 | ..... |
| Liquidation of Pre-Union guarantee—Statement 3..... | 1,575 | 338 | 1,652 | ..... | ..... | 54 | 2,436 | ..... | ..... |
| ..... | 11,093 | 9,705 | 16,072 | 312 | 554 | 764 | 3,437 | 12,512 | 1,480 |
| Increase or decrease (—) in net direct or indirect debt—Statement 2..... | -1,200 | 703 | -68 | 5,981 | 8,297 | 17,295 | 12,270 | 4,549 | 12,894 |

¹ Excluding a guarantee for \$16,500,000 Wabush Lake Railway Company Ltd. debentures which was given in 1956 and cancelled in 1957.

Royal Commission on Newfoundland Finances

STATEMENT 5

PROVINCE OF NEWFOUNDLAND

NET REVENUE BY SOURCES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|-----------------------------|------------------------|
| Taxes | | | | | | | | | |
| Sales | | | | | | | | | |
| Amusements and admissions..... | | | | | 85 | 153 | 179 | 143 | 140 |
| Motor fuel and fuel oil..... | 1,006 | 1,252 | 1,529 | 1,813 | 2,160 | 2,626 | 3,396 | 3,959 | 4,300 |
| Fire insurance premiums 1..... | | 257 | 100 | 163 | 186 | 195 | 211 | 214 | 445 |
| General..... | | 712 | 3,167 | 4,534 | 5,650 | 6,337 | 6,719 | 7,774 | 7,500 |
| Other taxes 2..... | 72 | | | | 61 | 58 | 58 | 61 | 61 |
| Sub-total..... | 1,078 | 2,221 | 4,796 | 6,515 | 8,142 | 9,369 | 10,563 | 12,151 | 12,446 |
| Liquor profits..... | 1,726 | 2,118 | 1,949 | 2,208 | 2,202 | 2,108 | 1,983 | 2,277 | 2,621 |
| Privileges, licences and permits | | | | | | | | | |
| Motor vehicles..... | 377 | 508 | 640 | 816 | 939 | 1,099 | 1,244 | 1,418 | 1,467 |
| Other..... | 769 | 561 | 1,389 | 1,771 | 1,691 | 1,620 | 2,028 | 2,722 | 3,078 |
| Sub-total..... | 1,146 | 1,069 | 2,029 | 2,587 | 2,680 | 2,719 | 3,272 | 4,140 | 4,545 |
| Other revenue | | | | | | | | | |
| Sales and services..... | 106 | 176 | 132 | 123 | 137 | 201 | 155 | 152 | 130 |
| Fines and penalties..... | 45 | 46 | 77 | 85 | 95 | 120 | 146 | 157 | 154 |
| Other..... | 38 | 138 | 137 | 110 | 50 | 78 | 54 | 80 | 61 |
| Sub-total..... | 189 | 360 | 346 | 318 | 282 | 399 | 355 | 389 | 345 |
| Government of Canada | | | | | | | | | |
| Statutory subsidies 3..... | 1,925 | 1,540 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 |
| Federal tax rental agreement 4,5..... | 4,860 | 7,220 | 7,994 | 12,887 | 11,986 | 12,737 | 12,692 | 14,018 | 16,381 |
| Transitional grants..... | 6,500 | 6,500 | 6,500 | 5,650 | 4,800 | 3,950 | 3,100 | 2,250 | 1,400 |
| Sub-total..... | 13,285 | 15,260 | 16,063 | 20,106 | 18,355 | 18,256 | 17,361 | 17,837 | 19,350 |
| Total..... | 17,424 | 21,028 | 25,183 | 31,734 | 31,641 | 32,861 | 33,534 | 36,794 | 39,307 |

NET REVENUE BY SOURCES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|--------|--------|--------|--------|--------|--------|--------|-----------------------------|------------------------|
| Reconciliation with Public Accounts or Estimates | | | | | | | | | |
| Revenue per Public Accounts or Estimates..... | 20,433 | 28,061 | 30,941 | 35,305 | 36,066 | 38,528 | 39,754 | 44,074 | 49,223 |
| Receipts classified as capital in Public Accounts reclassified as ordinary..... | ..... | 6 | 14 | 130 | 54 | 22 | 73 | 306 | 250 |
| | 20,433 | 28,067 | 30,955 | 35,435 | 36,120 | 38,550 | 39,827 | 44,380 | 49,473 |
| Deduct | | | | | | | | | |
| Revenue applied against expenditure..... | 3,009 | 6,928 | 5,482 | 3,618 | 4,698 | 5,655 | 6,252 | 7,901 | 8,628 |
| Surplus and other adjustments..... | ..... | 111 | 290 | 83 | -219 | 44 | 41 | -315 | 1,538 |
| Revenue as above..... | 17,424 | 21,028 | 25,183 | 31,734 | 31,641 | 32,851 | 33,534 | 36,794 | 39,307 |

¹ The revenue of \$257,000 in 1950 represents two years' collections of the sales tax on fire insurance premiums and should be allocated half to 1949 and half to 1950.

² The right to levy a tax on landed cables was eliminated after 1949 by the Tax Rental Agreement with Canada.

³ Statutory subsidies are payable quarterly in advance. The 1949 receipts include five quarters' revenue. Deducting a quarter's revenue amounting to \$385,000, the true revenue for the year amounts to \$1,540,000 which compares with subsequent years.

⁴ The amounts due from Canada in respect of the Tax Rental Agreement were received quarterly in arrears up to March 31, 1952. The Public Accounts for 1949, the first year subsequent to Union, included only three quarterly receipts.

To adjust the figures to the true revenue for the years 1949-1953, the following increases or decreases should be made:

| | Increase or Decrease (-) |
|-----------|--------------------------|
| | (Thousands of Dollars) |
| 1949..... | 1,710 |
| 1950..... | 158 |
| 1951..... | 219 |
| 1952..... | -2,067 |

⁵ During the period from March 31, 1952 to March 31, 1957 the Government of Canada overpaid the Province in respect to amounts due under the Tax Rental Agreement to the extent of approximately \$511,000. This amount is to be repaid by the Province over a period of five years commencing April 1, 1957.

Royal Commission on Newfoundland Finances

STATEMENT 6

PROVINCE OF NEWFOUNDLAND

NET EXPENDITURE BY SERVICES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|---|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Health | | | | | | | | | |
| Hospital care..... | 3,506 | 3,404 | 4,279 | 4,852 | 5,370 | 5,903 | 6,358 | 6,739 | 7,515 |
| Capital..... | 1,809 | 1,351 | 1,174 | 275 | -139 | 38 | 59 | 444 | 483 |
| Other..... | 1,215 | 853 | 1,043 | 1,045 | 1,195 | 1,124 | 1,214 | 1,252 | 1,875 |
| Capital..... | | | 7 | 36 | | 32 | | | |
| | 6,530 | 5,608 | 6,503 | 6,208 | 6,426 | 7,097 | 7,631 | 8,435 | 9,873 |
| Social welfare | | | | | | | | | |
| Aid to disabled persons..... | 1,747 | 773 | 1,212 | 1,014 | 1,060 | 1,078 | 1,059 | 1,190 | 208 |
| Aid to aged persons..... | 39 | 51 | 63 | 54 | 56 | 61 | 62 | 64 | 70 |
| Aid to blind persons..... | 3,680 | 3,341 | 3,188 | 1,959 | 2,047 | 2,622 | 2,622 | 2,953 | 3,955 |
| Relief..... | 65 | 1,161 | 1,291 | 1,242 | 1,255 | 1,357 | 718 | -1 | |
| Mothers' allowances..... | 101 | 183 | 258 | 306 | 369 | 284 | 307 | 365 | 426 |
| Child welfare..... | 24 | 36 | 39 | 40 | 53 | 46 | 50 | 53 | 65 |
| Labour..... | 619 | 391 | 342 | 656 | 576 | 601 | 601 | 677 | 863 |
| Other social welfare..... | 8 | | | | | | | 117 | 20 |
| Capital..... | | | | | | | | | |
| Loans..... | | 110 | -13 | | | | | | |
| Guarantees..... | | | 200 | -200 | | | | | |
| | 6,283 | 6,046 | 6,550 | 5,071 | 5,416 | 6,049 | 5,539 | 5,583 | 7,077 |
| Education | | | | | | | | | |
| Schools..... | 3,661 | 3,552 | 4,349 | 5,278 | 5,504 | 7,180 | 7,767 | 8,753 | 9,557 |
| Universities, colleges and other schools..... | 279 | 477 | 550 | 505 | 536 | 581 | 662 | 548 | 689 |
| Capital..... | | | | 34 | 31 | 117 | 44 | 175 | 345 |
| Superannuation and pensions..... | 119 | 81 | 57 | 53 | 64 | 50 | 32 | 23 | 16 |
| Other..... | 260 | 232 | 230 | 172 | 210 | 221 | 248 | 343 | 389 |
| Loans..... | | 90 | | | | 217 | -15 | 60 | 431 |
| Guarantees..... | | 23 | 7 | -10 | | -20 | 345 | 741 | -675 |
| | 4,319 | 4,455 | 5,193 | 6,032 | 6,345 | 8,346 | 9,083 | 10,643 | 10,752 |
| Recreation and cultural services | 143 | 127 | 144 | 172 | 165 | 190 | 205 | 160 | 190 |
| Capital..... | | 5 | 13 | 14 | 2 | 5 | | | |
| | 143 | 132 | 157 | 186 | 167 | 195 | 205 | 160 | 190 |

NET EXPENDITURE BY SERVICES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|--------|--------|--------|-------|--------|--------|-------|-----------------------------|------------------------|
| Transportation and communications | | | | | | | | | |
| Highways, roads and bridges..... | 1,985 | 1,965 | 2,468 | 2,490 | 2,922 | 3,522 | 3,838 | 3,840 | 4,910 |
| Other..... | 2,156 | 3,756 | 3,466 | 2,652 | 3,655 | 6,530 | 7,426 | 5,946 | 4,129 |
| Capital..... | ..... | 13 | ..... | ..... | 29 | 13 | 39 | 50 | 20 |
| Capital..... | ..... | ..... | ..... | 62 | 172 | 340 | 373 | 72 | ..... |
| 4,141 | 5,734 | 5,934 | 5,204 | 6,778 | 10,405 | 11,676 | 9,908 | 9,059 | ..... |
| Natural resources and primary industries | | | | | | | | | |
| Fish and game..... | 205 | 382 | 634 | 378 | 551 | 618 | 818 | 725 | 484 |
| Capital..... | ..... | 412 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Loans..... | ..... | 600 | 50 | 889 | 1,127 | 2,636 | 1,919 | 1,579 | 2,537 |
| Guarantees..... | 475 | 650 | 840 | -182 | 1,108 | -751 | -589 | 1,180 | 75 |
| Ordinary..... | 345 | 334 | 322 | 290 | 282 | 409 | 354 | 438 | 454 |
| Capital..... | ..... | ..... | 6 | 26 | 5 | ..... | ..... | ..... | ..... |
| Ordinary..... | 350 | 314 | 326 | 392 | 423 | 437 | 529 | 496 | 520 |
| Capital..... | ..... | 1 | 2 | ..... | ..... | ..... | ..... | ..... | ..... |
| Loans..... | ..... | 28 | 33 | 7 | 19 | 204 | 366 | 96 | 1 |
| Guarantees..... | ..... | ..... | 7 | ..... | ..... | ..... | ..... | ..... | ..... |
| Ordinary..... | 40 | 85 | 177 | 192 | 190 | 181 | 158 | 209 | 248 |
| Capital..... | ..... | 167 | 54 | ..... | ..... | ..... | ..... | ..... | ..... |
| Loans..... | ..... | ..... | 75 | 250 | ..... | 95 | 35 | ..... | ..... |
| Guarantees..... | 50 | 478 | -70 | -58 | 40 | -100 | -340 | ..... | ..... |
| Ordinary..... | 4 | ..... | ..... | 9 | 4 | ..... | ..... | ..... | ..... |
| Capital..... | ..... | 127 | 135 | ..... | ..... | ..... | ..... | ..... | ..... |
| Ordinary..... | 52 | 85 | 170 | 199 | 186 | 185 | 232 | 296 | 449 |
| Capital..... | ..... | 119 | 70 | ..... | ..... | ..... | ..... | ..... | ..... |
| Guarantees..... | -1,575 | -358 | -1,525 | 3 | 748 | 1,680 | -611 | 627 | -2,831 |
| Ordinary..... | 77 | 93 | 77 | 75 | 89 | 123 | 119 | 104 | 233 |
| Loans..... | ..... | 1,733 | 9,267 | 4,991 | 2,522 | 4,002 | 1,432 | 1,754 | 3,507 |
| Guarantees..... | ..... | 40 | -40 | ..... | ..... | ..... | ..... | ..... | ..... |
| 23 | 5,290 | 10,610 | 7,461 | 7,304 | 7,304 | 9,712 | 4,422 | 7,566 | 5,677 |
| Protection of persons and property | | | | | | | | | |
| Law enforcement..... | 217 | 235 | 229 | 278 | 325 | 326 | 358 | 399 | 427 |
| Corrections..... | 181 | 190 | 216 | 243 | 271 | 302 | 360 | 310 | 363 |
| Capital..... | 45 | ..... | 132 | 118 | 4 | 78 | 8 | 31 | 23 |
| Ordinary..... | 905 | 779 | 756 | 769 | 829 | 875 | 922 | 958 | 1,127 |
| Other..... | 263 | 316 | 411 | 449 | 585 | 564 | 618 | 620 | 644 |
| Capital..... | 28 | ..... | ..... | ..... | ..... | 40 | 1 | 4 | ..... |
| 1,639 | 1,520 | 1,744 | 1,857 | 2,014 | 2,185 | 2,267 | 2,322 | 2,584 | ..... |

STATEMENT 6—Continued

PROVINCE OF NEWFOUNDLAND

NET EXPENDITURE BY SERVICES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|--------|---------------------|--------|--------|--------|--------|--------|-----------------------------|------------------------|
| General government | | | | | | | | | |
| Executive and administrative..... | 1,450 | 1,615 | 1,754 | 1,834 | 2,044 | 2,330 | 2,430 | 2,898 | 3,006 |
| Capital..... | 9 | 215 | 74 | 1 | -1 | 201 | 12 | 177 | 162 |
| Legislative..... | 323 | 129 | 263 | 192 | 194 | 220 | 263 | 294 | 417 |
| | 1,782 | 1,959 | 2,091 | 2,027 | 2,237 | 2,751 | 2,705 | 3,369 | 3,585 |
| Municipal | | | | | | | | | |
| Local government planning and development..... | 14 | 18 | 30 | 80 | 95 | 91 | 141 | 98 | 180 |
| Contributions to municipal governments..... | 106 | 217 | 256 | 214 | 226 | 291 | 329 | 916 | 699 |
| Other..... | | | | | | | | 73 | 26 |
| Capital..... | | | | | | | | 3 | 91 |
| Loans..... | 60 | 281 | -18 | 80 | 58 | 82 | | 19 | 91 |
| Guarantees..... | | 10 | 665 | 1,965 | 526 | 2,965 | 1,066 | 954 | 1,535 |
| | 180 | 526 | 933 | 2,339 | 905 | 3,429 | 1,539 | 2,060 | 2,531 |
| Debt charges | | | | | | | | | |
| Interest and other charges..... | -284 | -527 | -549 | -109 | 56 | 423 | 755 | 1,143 | 2,067 |
| Debt retirement..... | 150 | 140 | 152 | 167 | 454 | 473 | 865 | 1,411 | 1,377 |
| | -134 | -387 | -397 | 58 | 510 | 896 | 1,620 | 2,554 | 3,444 |
| Other expenditure | | | | | | | | | |
| Non-expend and surplus payments..... | 92 | 3 | 5 | 45 | 1,154 | -641 | | 1 | |
| Other..... | 89 | 335 | 120 | 239 | 111 | 76 | 113 | 92 | 45 |
| Loans..... | 266 | -225 | 219 | 1,385 | 636 | 125 | -229 | -5 | -263 |
| Guarantees..... | | | | | | | 2,436 | 550 | 300 |
| | 447 | 113 | 344 | 1,669 | 1,901 | -440 | 2,320 | 638 | 82 |
| Total expenditure..... | 25,353 | 30,996 | 39,692 | 38,112 | 40,003 | 50,625 | 49,007 | 53,238 | 54,354 |
| Divided as follows | | | | | | | | | |
| Ordinary..... | 22,022 | 21,383 | 24,862 | 25,774 | 29,490 | 32,116 | 35,266 | 38,582 | 44,958 |
| Capital..... | 4,055 | 6,153 | 5,133 | 3,218 | 3,729 | 7,381 | 7,923 | 7,101 | 5,188 |
| Loans..... | 326 | 2,617 | 9,613 | 7,602 | 4,362 | 7,361 | 3,511 | 3,503 | 6,304 |
| Guarantees..... | -1,050 | 843 | 84 | 1,518 | 2,422 | 3,767 | 2,307 | 4,052 | -1,596 |
| | 25,353 | 30,996 ² | 39,692 | 38,112 | 40,003 | 50,625 | 49,007 | 53,238 | 54,854 |

¹ In 1956 and 1957 special assistance grants have not been allocated to the various services as information was not available at the time of preparation of this report.² Expenditures incurred in connection with Old Age Pensions during the last quarter of the year ended March 31, 1950 were refunded by the Government of Canada to the extent of \$797,380. This refund was included in the Public Accounts in 1951 and has been offset against expenditure in that year.

PROVINCE OF NEWFOUNDLAND
NET EXPENDITURE BY SERVICES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|--------|--------|--------|--------|--------|--------|--------|-----------------------------|------------------------|
| Reconciliation with Public Accounts or Estimates | | | | | | | | | |
| Ordinary expenditure per Public Accounts or Estimates..... | 24,169 | 27,411 | 29,242 | 28,562 | 33,390 | 36,747 | 39,812 | 43,891 | 51,896 |
| Add | | | | | | | | | |
| Expenditure classified as capital in Public Accounts reclassified as ordinary..... | 1,277 | 1,091 | 1,277 | 1,230 | 1,065 | 1,477 | 1,661 | 2,894 | 2,053 |
| Deduct | | | | | | | | | |
| Revenue applied against expenditure—Statement 5..... | 25,446 | 28,502 | 30,519 | 29,792 | 34,455 | 38,224 | 41,473 | 46,785 | 53,949 |
| Adjustments added to surplus..... | 3,009 | 6,928 | 5,482 | 3,618 | 4,698 | 5,655 | 6,252 | 7,901 | 8,623 |
| Debt redemption..... | 415 | 191 | 175 | 400 | 267 | 153 | —45 | 302 | 363 |
| Ordinary expenditure as per Statement 6..... | 22,022 | 21,383 | 24,862 | 25,774 | 29,490 | 32,116 | 35,266 | 38,582 | 44,958 |
| Capital expenditure per Public Accounts or Estimates..... | 5,842 | 11,469 | 17,218 | 13,066 | 10,941 | 19,056 | 16,408 | 15,117 | 15,756 |
| Add | | | | | | | | | |
| Purchase of St. John's Municipal Council interests in the St. John's Housing Corporation..... | ..... | ..... | ..... | 742 | ..... | ..... | ..... | ..... | ..... |
| Deduct | | | | | | | | | |
| Revenue applied against expenditure | 5,842 | 11,469 | 17,218 | 13,808 | 10,941 | 19,056 | 16,408 | 15,117 | 15,756 |
| Capital receipts per Public Accounts or Estimates..... | 210 | 1,612 | 1,251 | 1,028 | 1,829 | 2,730 | 3,063 | 1,917 | 1,487 |
| Less receipts classified as capital in Public Accounts reclassified as ordinary..... | ..... | 6 | 14 | 130 | 54 | 22 | 73 | 306 | 250 |
| ..... | 210 | 1,606 | 1,237 | 898 | 1,775 | 2,708 | 2,990 | 1,611 | 1,237 |
| Expenditure classified as capital in Public Accounts reclassified as ordinary..... | 1,277 | 1,091 | 1,277 | 1,230 | 1,065 | 1,477 | 1,661 | 2,894 | 2,053 |
| Debt redemption..... | ..... | ..... | ..... | 1,257 | 7 | 7 | 8 | 8 | 972 |
| Loans and advances..... | 326 | 2,617 | 9,613 | 7,602 | 4,362 | 7,361 | 3,511 | 3,503 | 6,304 |
| Surplus and other adjustments..... | —26 | 2 | —42 | —397 | 3 | 122 | 315 | ..... | 2 |
| Capital expenditure as per Statement 7..... | 4,055 | 6,153 | 5,133 | 3,218 | 3,729 | 7,381 | 7,923 | 7,101 | 5,188 |

Royal Commission on Newfoundland Finances

STATEMENT 7

PROVINCE OF NEWFOUNDLAND

CAPITAL EXPENDITURE

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit | Esti- mated |
|--|-------|-------|-------|-------|-------|-------|-------|---------------------|--------------------|
| Health | | | | | | | | 1956 | 1957 |
| Hospital care | | | | | | | | | |
| General Hospital..... | 2 | -45 | 8 | 8 | 5 | 13 | 16 | 176 | |
| Mental Hospital..... | 865 | 467 | 835 | 204 | -116 | ..... | 27 | 62 | |
| West Coast Sanatorium..... | 907 | 673 | 66 | 17 | -51 | 23 | 1 | ..... | 483 ¹ |
| Cottage hospitals..... | 1 | 202 | 262 | 35 | 14 | 2 | -4 | 159 | |
| St. John's Sanatorium..... | ..... | 32 | ..... | ..... | ..... | ..... | ..... | 47 | |
| Miscellaneous..... | 34 | 22 | 3 | 11 | 9 | ..... | 19 | ..... |  |
| | 1,809 | 1,351 | 1,174 | 275 | -139 | 38 | 59 | 444 | 483 |
| Other | | | | | | | | | |
| Doctors' residences..... | ..... | ..... | 7 | 36 | ..... | 32 | ..... | ..... | ..... |
| Social welfare | | | | | | | | | |
| Other social welfare | | | | | | | | | |
| Welfare office..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 12 | |
| Home for indigents..... | 8 | ..... | ..... | ..... | ..... | ..... | ..... | 105 | 201 |
| Northern Labrador affairs..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |  |
| | 8 | ..... | ..... | ..... | ..... | ..... | ..... | 117 | 20 |
| Education | | | | | | | | | |
| Universities, colleges and other schools | | | | | | | | | |
| Memorial University..... | 1 | ..... | ..... | 41 | 26 | 110 | 37 | 152 | |
| Vocational high schools..... | ..... | ..... | ..... | ..... | 21 | 7 | 7 | ..... | 345 ¹ |
| Nan Boarding School..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 16 | |
| Other..... | -1 | ..... | ..... | -7 | -16 | ..... | ..... | ..... |  |
|  | ..... | ..... | ..... | 34 | 31 | 117 | 44 | 175 | 345 |
| Recreation and cultural services | | | | | | | | | |
| Library buildings..... | ..... | 5 | 13 | 14 | 2 | 5 | ..... | ..... | ..... |
| Transportation and communications | | | | | | | | | |
| Highways, roads and bridges | | | | | | | | | |
| Highways, roads and bridges..... | 2,102 | 2,214 | 2,324 | 1,854 | 2,604 | 3,343 | 4,888 | 4,942 | |
| Trans Canada Highway..... | ..... | 1,384 | 993 | 464 | 688 | 2,624 | 2,028 | 692 | 4,129 ¹ |
| New machinery and equipment | ..... | 188 | 149 | 334 | 281 | 442 | 462 | 262 | |
| Buildings..... | 54 | ..... | ..... | ..... | 82 | 121 | 98 | 50 | |
| | 2,156 | 3,756 | 3,466 | 2,652 | 3,655 | 6,530 | 7,426 | 5,946 | 4,129 |
| Other | | | | | | | | | |
| Ferries..... | ..... | ..... | ..... | 62 | 172 | 340 | 230 | 48 | ..... |
| Air strip..... | ..... | ..... | ..... | ..... | ..... | ..... | 143 | 24 | ..... |
|  | ..... | ..... | ..... | 62 | 172 | 340 | 373 | 72 | ..... |

¹ Detail not available.

CAPITAL EXPENDITURE

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Natural resources and primary industries | | | | | | | | | |
| Fish and game | | | | | | | | | |
| Richard Limited..... | | 412 | | | | | | | |
| Forests | | | | | | | | | |
| Forest fire control..... | | | 6 | 26 | 5 | | | | |
| Land settlement and agriculture..... | | 1 | 2 | | | | | | |
| Minerals and mines | | | | | | | | | |
| Air magnometric survey..... | | 167 | 54 | | | | | | |
| Water resources | | | | | | | | | |
| Hydro electric investigations..... | | 127 | 135 | | | | | | |
| Trade and industrial development | | | | | | | | | |
| Economic investigations..... | | 78 | 37 | | | | | 62 | |
| Advertising secondary industries and exhibition..... | | 41 | 33 | | | | | | |
| | | 119 | 70 | | | | | 62 | |
| Protection of persons and property | | | | | | | | | |
| Corrections | | | | | | | | | |
| Boys' Home and Training School..... | 45 | | 109 | 105 | 3 | 32 | 4 | | 23 ¹ |
| Penitentiary buildings..... | | | 23 | 12 | 1 | 46 | 4 | 31 | |
| Other..... | | | | 1 | | | | | |
| | 45 | | 132 | 118 | 4 | 78 | 8 | 31 | 23 |
| Other | | | | | | | | | |
| East end fire hall..... | 28 | | | | | | | | |
| Magistrates' residences..... | | | | | | 40 | 1 | 4 | |
| | 28 | | | | | 40 | 1 | 4 | |
| General government | | | | | | | | | |
| Other buildings constructed..... | 9 | | 16 | 1 | -1 | | 12 | 177 | 162 ¹ |
| Purchased buildings..... | | 215 | 58 | | | 201 | | | |
| | 9 | 215 | 74 | 1 | -1 | 201 | 12 | 177 | 162 |
| Municipal | | | | | | | | | |
| Relocations..... | | | | | | | | 73 | 26 |
| | 4,055 | 6,153 | 5,133 | 3,218 | 3,729 | 7,381 | 7,923 | 7,101 | 5,188 |

¹ Detail not available.

Royal Commission on Newfoundland Finances

STATEMENT 8

PROVINCE OF NEWFOUNDLAND

CAPITAL EXPENDITURE RECLASSIFIED AS CURRENT

For the fiscal years ended nearest to December 31, 1949 to 1967 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Health | | | | | | | | | |
| Hospital care | | | | | | | | | |
| Grants to hospitals..... | 475 | 200 | 211 | 247 | 272 | 188 | 166 | 202 | 284 |
| Social welfare | | | | | | | | | |
| Northern Labrador affairs..... | ..... | ..... | ..... | ..... | ..... | ..... | 6 | 47 | 32 |
| Education | | | | | | | | | |
| Schools | | | | | | | | | |
| Grants for erection and equipment..... | 419 | 308 | 551 | 684 | 657 | 897 | 866 | 1,494 | 1,314 |
| Universities | | | | | | | | | |
| Memorial University..... | 21 | 10 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Recreation and cultural services | | | | | | | | | |
| Grant for library buildings..... | 8 | ..... | ..... | ..... | 2 | 5 | 1 | ..... | 1 |
| Natural resources and primary industries | | | | | | | | | |
| Fish and game | | | | | | | | | |
| Experimental grants..... | ..... | 76 | 114 | 15 | 25 | 3 | 135 | 53 | 8 |
| Fisheries Development Committee..... | ..... | 2 | 39 | ..... | 60 | 122 | ..... | 168 | 164 |
| Shipbuilding bounty..... | 84 | 39 | 69 | ..... | ..... | ..... | ..... | ..... | ..... |
| Land settlement and agriculture | | | | | | | | | |
| Construction of postwar land settlement areas..... | ..... | 9 | 8 | ..... | ..... | ..... | ..... | ..... | ..... |
| Fur farm development..... | ..... | 3 | 17 | ..... | ..... | ..... | ..... | ..... | ..... |
| Trade and industrial development | | | | | | | | | |
| Standardization of machinery..... | 2 | 1 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Provincial exhibition..... | ..... | 15 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Municipal | | | | | | | | | |
| Special assistance grants to local councils..... | 268 | 153 | 207 | ..... | ..... | 352 | 414 | 624 | ..... |
| Other | | | | | | | | | |
| Slum clearance..... | ..... | 269 | 31 | 154 | ..... | ..... | ..... | ..... | ..... |
| Other..... | ..... | ..... | 16 | ..... | -5 | ..... | ..... | ..... | ..... |
| | 1,277 | 1,085 | 1,263 | 1,100 | 1,011 | 1,567 | 1,588 | 2,588 | 1,803 |
| The above totals are made up as follows: | | | | | | | | | |
| Per reconciliation of expenditure..... | 1,277 | 1,091 | 1,277 | 1,230 | 1,065 | 1,589 | 1,661 | 2,894 | 2,053 |
| Per reconciliation of receipts..... | ..... | 6 | 14 | 130 | 54 | 22 | 73 | 306 | 250 |
| | 1,277 | 1,085 | 1,263 | 1,100 | 1,011 | 1,567 | 1,588 | 2,588 | 1,803 |

LOANS AND ADVANCES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Natural resources and primary industries | | | | | | | | | |
| Fish and game | | | | | | | | | |
| Fisheries Loan Fund..... | | 500 | ..... | ..... | ..... | ..... | 130 | ..... | ..... |
| Bonavista Fish Meals & Oils Ltd..... | | | | 40 | ..... | ..... | 19 | ..... | ..... |
| Trepassey Fisheries Ltd..... | | | | 316 | -287 | -2 | -25 | ..... | ..... |
| Thomsen & Nickels..... | | | | 33 | ..... | ..... | ..... | 40 | ..... |
| O'Brien Fisheries Ltd..... | | | | 425 | ..... | ..... | ..... | -2 | ..... |
| Gaulois Fisheries Ltd..... | | | | 35 | 22 | -15 | ..... | ..... | ..... |
| Northeastern Fisheries Co-operative Society Ltd..... | | | | 40 | ..... | 40 | 40 | ..... | ..... |
| Andrews Labrador Fisheries Ltd..... | | | | | 1,387 | 300 | ..... | 242 | ..... |
| Fishery Products Ltd..... | | | | | 15 | -2 | -2 | 40 | ..... |
| H. E. Petite Ltd..... | | | | | | 88 | 46 | 31 | ..... |
| Olsen Whaling & Sealing Ltd..... | | | | | | 1,050 | ..... | 3 | ..... |
| Bonavista Cold Storage Co. Ltd..... | | | | | | | 3 | ..... | ..... |
| Cape St. Francis Co-operative Society Ltd..... | | | | | | | 200 | ..... | ..... |
| Fortune Bay Products Ltd..... | | | | | | | 238 | ..... | ..... |
| Fortune Shipping Ltd..... | | | | | | | 650 | ..... | ..... |
| Burgeo Fish Industries Ltd..... | | | | | | | | 3 | ..... |
| J. J. O'Brien..... | | | 50 | ..... | ..... | -2 | -5 | -3 | ..... |
| Lourdes Co-operative Society Ltd..... | | 100 | ..... | ..... | ..... | ..... | 65 | 20 | ..... |
| Co-operative Development Loan Fund..... | | | | | 20 | ..... | ..... | -4 | ..... |
| Alexander Duffett..... | | | | | -30 | ..... | ..... | ..... | ..... |
| Other..... | | | | | | | | | |
| Fisheries Development Authority investments | | | | | | | | | |
| Fishery Products Ltd..... | | | | | | 1,089 | 328 | 103 | ..... |
| O'Brien Fisheries Ltd..... | | | | | | 50 | 75 | ..... | ..... |
| O'Brien, John J..... | | | | | | | 7 | ..... | ..... |
| Billard, Gabriel..... | | | | | | | 5 | 11 | ..... |
| Newfoundland Quick Freeze Ltd..... | | | | | | 40 | ..... | -4 | ..... |
| Other ² | | | | | | | 122 | 1,126 | ..... |
| | | 600 | 50 | 889 | 1,127 | 2,636 | 1,919 | 1,579 | 2,537 |

¹ Detail not available.

² In 1955 part of the expenditure of the Fisheries Development Authority on development was classified as ordinary. In 1956 and 1957 only the administrative expenses of this authority have been treated as of an ordinary nature; all development expenditure for these years is included in the above statement.

Royal Commission on Newfoundland Finances

STATEMENT 9—Continued

PROVINCE OF NEWFOUNDLAND

LOANS AND ADVANCES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive
(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|---|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Natural resources and primary industries | | | | | | | | | |
| Trade and industrial development | | | | | | | | | |
| Industrial Development Loan Fund | | | | | | | | | |
| Newfoundland Tanneries (Wm. Dorn) Ltd. | | | 197 | 193 | | 78 | 58 | 1 | |
| Canadian Machinery and Industry Construction Ltd. | | | 1,275 | 1,250 | | | | | |
| United Cotton Mills Limited | | | 25 | 277 | 83 | 109 | | | |
| Atlantic Gypsum Ltd. | | | 307 | 193 | | 299 | 306 | 8 | |
| Newfoundland Hardwoods Ltd. | | | | 907 | 145 | 872 | 292 | 350 | |
| Atlantic Optical Co. Ltd. | | | | 110 | -105 | -5 | | | |
| Hanning Electrical Company Ltd. | | | | 150 | 175 | 120 | | 150 | |
| Superior Rubber Company Ltd. | | | | 470 | 530 | 388 | 12 | 200 | |
| Atlantic Films & Electronics Ltd. | | | | 150 | | 50 | | | |
| Atlantic Hardboard Industries Ltd. | | | | 522 | 399 | 626 | | | |
| Atlantic Gloves Ltd. | | | | | 272 | 238 | 119 | | |
| Koch Shoes Ltd. | | | | | 342 | 408 | 120 | 304 | |
| Eckhardt Mills Ltd. | | | | | 184 | 203 | 160 | 345 | |
| Gypsum plant | | 214 | 2,173 | 212 | 457 | | | | |
| Birch plant | | 265 | 1,737 | -214 | | | | | 3,507 ¹ |
| Cement plant | | 1,109 | 2,653 | 761 | | 1 | | | |
| Newfoundland Labrador Corporation Ltd. | | | 900 | | | | | | |
| Terra Nova Textiles Ltd. | | | | | | 479 | | 55 | |
| Gold Sail Leather Goods Ltd. | | | | | | 135 | 15 | 5 | |
| Armco Drainage Company of Canada Ltd. | | | | | 50 | | | | |
| A. Adler of Canada Ltd. | | | | | | 1 | | | |
| McLellan, C. F. | | | | | | | 350 | 300 | |
| Newfoundland Light and Power Co. Ltd. | | | | 10 | -10 | | | 36 | |
| | 1,733 | 9,267 | 4,991 | 2,522 | 4,002 | 1,432 | 1,754 | 3,507 | |
| Minerals and mines | | | | | | | | | |
| Newfoundland Asbestos Ltd. | | | 75 | 250 | | 95 | 35 | | |
| Land settlement and agriculture | | | | | | | | | |
| Springdale Fur Farmers Cooperative Society Ltd. | | | | | | 7 | | | |
| Fur Farmers | | 28 | 30 | 1 | -9 | -3 | -1 | -1 | |
| Commercial Farmers | | | 3 | 6 | | | 1 | -1 | 1 ¹ |
| Farm Development Loan Board | | | | | 28 | 200 | 153 | 40 | |
| Fur Farmers Cooperative Society Ltd. (Dildo) | | | | | | | 213 | 58 | |
| | 28 | 33 | 7 | 19 | 204 | 366 | 96 | 1 | |

¹ Detail not available.

STATEMENT 9—*Concluded*

PROVINCE OF NEWFOUNDLAND

LOANS AND ADVANCES

For the fiscal years ended nearest to December 31, 1949 to 1957 inclusive

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|---|------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Social welfare | | | | | | | | | |
| Other social welfare | | 85 | | | | | | | |
| Northern Labrador Trading | | 25 | -13 | | | | | | |
| Labour boards | | 110 | -13 | | | | | | |
| Education | | | | | | | | | |
| Boards of education | | 90 | | | | 217 | -15 | 60 | 431 |
| Municipal | | | | | | | | | |
| St. John's Municipal Council | | 150 | -14 | -14 | -14 | -13 | -14 | -14 | 91 ¹ |
| St. John's Memorial Stadium Association | | 100 | | | | | -5 | -5 | |
| Loans to town councils | 60 | 31 | -4 | 94 | 72 | 95 | 22 | 38 | |
| | 60 | 281 | -18 | 80 | 58 | 82 | 3 | 19 | 91 |
| Other expenditure | | | | | | | | | |
| Housing | 36 | 5 | 24 | 25 | 2 | | -147 | 17 | -263 ¹ |
| Humber Housing Co-op Society | | | | 66 | 251 | 245 | | | |
| Co-operative Housing | 230 | -230 | 181 | 560 | | -94 | | | |
| St. John's Housing Corporation | | | | 264 | 10 | -2 | -2 | -2 | |
| Federal-Provincial Project | | | | 187 | -20 | -101 | -59 | -15 | |
| No. 1—St. John's | | | | 196 | 148 | -10 | -4 | -2 | |
| No. 2—“ | | | | 86 | 228 | -8 | -8 | -2 | |
| No. 3—“ | | | | 15 | 15 | -8 | -7 | -6 | |
| No. 4—“ | | | | | | | | 4 | |
| No. 1—Corner Brook | | | | | | | | 1 | |
| No. 5—St. John's | | | | | | | | | |
| No. 6—“ | | | | -14 | | | | | |
| Central Mortgage & Housing Corporation | | | 14 | | | 100 | | | |
| Humber Gardens Ltd. | | | | | 2 | 3 | -2 | | |
| Other | | | | | | | | | |
| | 266 | -225 | 219 | 1,385 | 636 | 125 | -229 | -5 | -263 |
| | 326 | 2,617 | 9,613 | 7,602 | 4,362 | 7,361 | 3,511 | 3,503 | 6,304 |

¹ Detail not available.

Royal Commission on Newfoundland Finances

STATEMENT 10

PROVINCE OF NEWFOUNDLAND

LOANS AND ADVANCES—PRE-UNION

(Thousands of Dollars)

| | March 31, 1957 |
|--|-------------------|
| Arrears of income tax..... | 594 |
| Newfoundland Railway receivables..... | 61 |
| Gander Airport receivables..... | 8 |
| Dominion of Canada—inventories..... | 54 |
| Newfoundland Building and Loan Association..... | 46 |
| Amalgamated School Committee—Gander..... | 8 |
| Pupil teachers' loans..... | 27 |
| Handicraft loans..... | 2 |
| Due <i>re</i> vessels condemned in prize..... | 4 |
| Rentals on timber lands..... | 9 |
| Royalties..... | 1 |
| Settlers' loans..... | 6 |
| Upper Humber Land settlers..... | 24 |
| Customs collector—loan..... | 1 |
| Loans to medical students..... | 1 |
| Fees for institutional services..... | 17 |
| St. John's Housing Corporation 3½% loan..... | 4,000 |
| St. John's Housing Corporation interest-free loan..... | 643 |
| Railway Employees' Welfare Association..... | 37 |
| Grand Falls, Ex-Service Men's Association..... | 53 |
| War Veterans Corner Brook Housing Association..... | 91 |
| Corner Brook Townsite Housing Association..... | 58 |
| John Penney & Sons Ltd..... | 40 |
| Newfoundland Dehydrating Co., Ltd..... | 200 |
| Lake & Lake Ltd..... | 25 |
| Northatlantic Trawling Co., Ltd..... | 244 |
| Northeastern Fish Industries Ltd..... | 220 |
| G. T. Dixon Ltd..... | 4 |
| Herring Unlimited..... | 10 |
| Lourdes Co-operative Society..... | 1 |
| Other—buildings, etc..... | 5 |
| Total..... | 6,494 |

STATEMENT 11

PROVINCE OF NEWFOUNDLAND

SINKING FUNDS

(Thousands of Dollars)

| | 1949 | 1950 | 1951 | 1952 | 1953 | 1954 | 1955 | Subject to audit 1956 | Esti- mated 1957 |
|--|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------|
| Balance at commencement of year..... | 765 | 915 | 1,055 | 1,207 | 1,374 | 1,828 | 2,301 | 3,166 | 4,577 |
| Contributions..... | 111 | 111 | 111 | 111 | 411 | 411 | 771 | 1,251 | 1,220 |
| Interest and other earnings..... | 39 | 29 | 41 | 56 | 43 | 62 | 94 | 160 | 157 |
| Applied to redemption of First Victory Loan..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | -536 |
| Balance at end of year..... | 915 | 1,055 | 1,207 | 1,374 | 1,828 | 2,301 | 3,166 | 4,577 | 5,418 |
| Sinking funds contributions and earnings..... | 150 | 140 | 152 | 167 | 454 | 473 | 865 | 1,411 | 1,377 |

Royal Commission on Newfoundland Finances

STATEMENT 12

PROVINCE OF NEWFOUNDLAND

PRO FORMA BALANCE SHEET

As of March 31, 1957

(Thousands of Dollars)

| Assets | | Liabilities | |
|---|----------------|--|---------------|
| Current assets | | Funded debt | |
| Cash in Bank of Montreal, St. John's..... | 100 | 3½% War Loan 1940-65..... | 1,500 |
| Deposit with Crown Agents for the Colonies, London..... | 48 | 3½% First Victory Loan 1942-57..... | 1,500 |
| | | 3 % Second Victory Loan 1943-58..... | 2,000 |
| Unamortized capital expenditure | 38,895 | 4½% Development Loan 1952-64..... | 10,000 |
| Loans and advances ¹ | 17,582 | 4 % Fisheries and Roads Loan 1954-74..... | 12,000 |
| Loans and advances—guaranteed <i>per contra</i> | | 3½% Schools and Roads Loan 1955-76..... | 16,000 |
| Public works and other capital expenditure prior to date of Union..... | 5,000 | | <u>43,000</u> |
| Public works and other capital expenditure subsequent to date of Union..... | 44,693 | Less Sinking Fund assets..... | 4,577 |
| | <u>106,170</u> | St. John's Municipal Council..... | 702 |
| Deficit on current account from April 1, 1949 to March 31, 1957..... | 1,106 | Due to the Federal Government for overpayment under tax rental agreements..... | 511 |
| | <u>107,276</u> | Indirect debt | |
| Less amortized | | Guaranteed loans and advances <i>per contra</i> | 17,582 |
| Sinking fund reserves..... | 4,577 | Current liabilities | |
| Financial surplus—net collections April 1, 1949 to March 31, 1957..... | 44,562 | Workmen's Compensation Board—temporary advance.. | 500 |
| | | Other..... | 567 |
| | | | <u>1,067</u> |
| | | | <u>58,285</u> |

¹ Excluding loans and other assets of Pre-Union origin amounting at March 31, 1957 to approximately \$6,494,000 (Statement 10) and other fully reserved accounts arising from current account operations approximating \$7,495,000.

APPENDIX VI

**LIST OF PUBLIC HEARINGS,
BRIEFS AND EXHIBITS**

Royal Commission on Newfoundland Finances

1. PUBLIC HEARINGS OF THE COMMISSION

St. John's
Ottawa

July 22-August 2, 1957
October 7-9, 1957

2. BRIEFS SUBMITTED TO THE COMMISSION

by

Government of Canada
Government of Newfoundland
Newfoundland Board of Trade

3. EXHIBITS FILED AT HEARINGS OF THE COMMISSION

1. Report of the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1957, 633 pages. Presented by counsel for the Government of Newfoundland.
2. Appendix to the report of the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1957, 659 pages. Presented by counsel for the Government of Newfoundland.
3. Report of Mr. J. C. Thompson, financial adviser to the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union. Revised Financial Statistics, June 18, 1957, 51 pages. Presented by counsel for the Government of Newfoundland.
4. Prospectus in connection with the issue of \$4,000,000 Province of Newfoundland 5 1/2% Sinking Fund Debentures dated May 1, 1957 and Supplement, 5 pages and 13 pages respectively. Presented by counsel for the Government of Canada.
5. Amended copy of Economic Analysis, and Conclusions and Recommendations, Parts 4 and 5, Book 1 of the Report of the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1957, by Mr. H. C. Goldenberg, Q.C., economic adviser to the Newfoundland Royal Commission, 100 pages and 3 pages respectively. Presented by counsel for the Government of Newfoundland.
6. Letter, dealing with comparative retail prices, dated January 24, 1956 from Mr. H. Marshall, Dominion Statistician, to Mr. D. C. Hunt, Secretary of the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1 page. Presented by counsel for the Government of Newfoundland.
7. Letter, dealing with comparative retail prices, dated October 27, 1954 from Mr. L. E. Rowebottom, Prices Section, Dominion Bureau of Statistics, to Mr. D. E. Armstrong, 2 pages. Presented by counsel for the Government of Newfoundland.
8. Table showing comparative tax-paying capacity in Newfoundland and the Maritimes by Mr. W. M. Marshall, Deputy Minister of Finance, Newfoundland, 1 page. Presented by counsel for the Government of Newfoundland.
9. List of items exempt from assessment under Social Security Assessment Act prepared by Mr. W. M. Marshall, 1 page. Presented by counsel for the Government of Newfoundland.
10. A history of debt allowances, 2 pages. Presented by counsel for the Government of Canada.

Appendix VI

11. Reconciliation of Surplus on Ordinary Account as shown by Public Accounts of the Province of Newfoundland with the Surplus shown as Item 3, Statement 4 in the report of Mr. J. C. Thompson, financial adviser to the Royal Commission for the preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, June 18, 1957, 2 pages. Presented by counsel for the Government of Newfoundland.
12. Canadian Hospital Directory, 1956, pages 56-59 inclusive. Presented by counsel for the Government of Newfoundland.
13. Table illustrating the development of motor vehicle traffic in Newfoundland between 1925 and 1956, 1 page. Presented by counsel for the Government of Newfoundland.
14. Statistical Supplement to the Annual Report of the Department of Education, Province of Newfoundland, for school year ended June 30, 1956, 57 pages. Presented by counsel for the Government of Newfoundland.
15. Statement of revenues received by the Federal Government in the Province of Newfoundland and expenditures by the Federal Government represented by payments to or expenditures in the province during the fiscal year 1955-56 taken from return tabled by the Minister of Finance in the House of Commons, 1957 Session. Presented by counsel for the Government of Newfoundland.
16. Table showing ratio of federal expenditures to federal revenues from the Atlantic Provinces, 1955-56, 1 page. Presented by counsel for the Government of Newfoundland.
17. Album containing 42 photographs which illustrate the condition of highways and roads in Newfoundland. Presented by counsel for the Government of Newfoundland.
18. Calculation of Taxes Collected from Individuals in the Maritimes prepared from information contained in pages 200-201, report of the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, 1957, Chap. VII, Sect. 1, 1 page. Presented by counsel for the Government of Newfoundland.
19. Cost-of-Living Index, St. John's Newfoundland, D.B.S. Reference Paper No. 28, 1951, 11 pages. Presented by counsel for the Government of Newfoundland.
20. Summary of the findings and recommendations in the reports of the Royal Commission on Maritime Claims, 1926 (the Duncan Commission) and the Royal Commission on Financial Arrangements between the Dominion and the Maritime Provinces, 1935 (the White Commission), 2 pages. Presented by counsel for the Government of Canada.
21. Three albums containing photographs of facilities in the St. John's General Hospital, the St. John's Sanatorium and the Hospital for Mental and Nervous Diseases, 54, 30 and 72 photographs respectively. Presented by counsel for the Government of Newfoundland.
22. Schedules of the salary scale of teachers in Newfoundland covering the period 1929-1957, 3 pages. Presented by counsel for the Government of Newfoundland.
23. Album containing 72 photographs of classrooms, science rooms, cloakrooms, corridors, bathroom facilities, playgrounds and entrances in Newfoundland schools. Presented by counsel for the Government of Newfoundland.
24. Album containing 54 photographs of the Home for the Aged and Infirm, licensed boarding homes, the Girls' Home and Training School, and the Home for Infants. Presented by counsel for the Government of Newfoundland.
25. Table giving samples of school fees charged by boards of education of different denominations in Newfoundland, 3 pages. Presented by counsel for the Government of Newfoundland.

Royal Commission on Newfoundland Finances

26. The Education (Teachers' Pensions) Act, the Revised Statutes of Newfoundland, Chap. 103, 1952, 17 pages; the Education (Teachers' Pensions) (Amendment) Act, 1953, 3 pages; the Education (Teachers' Pensions) (Amendment) Act, 1955, 1 page. Presented by counsel for the Government of Newfoundland.
27. Submission from the Government of Canada by Mr. R. A. Ritchie, counsel, 65 pages.
28. Report of Mr. J. C. Thompson, financial adviser to the Royal Commission for the Preparation of the Case of the Government of Newfoundland for the Revision of the Financial Terms of Union, Revised Financial Statistics, September 20, 1957, 23 pages. Presented by counsel for the Government of Newfoundland.
29. Table of personal income in Newfoundland and the Maritime Provinces, 1956, 1 page. Presented by counsel for the Government of Canada.
30. Table showing the percentage relationship of combined provincial and municipal revenue to personal income in Newfoundland and the Maritime Provinces 1956-57 by Mr. R. A. Ritchie, 1 page. Presented by counsel for the Government of Canada.
31. Submission by Mr. J. C. Thompson for the Province of Newfoundland in respect of questions raised by Mr. R. A. Ritchie in the submission from the Government of Canada (Exhibit 27), 2 pages.
32. Reply by Mr. H. C. Goldenberg on behalf of the Government of Newfoundland to submission from Government of Canada, 28 pages.
33. Memorandum for Newfoundland counsel by Mr. J. C. Thompson, 2 pages.
34. Submission from the Newfoundland Board of Trade, August, 1957, 8 pages.
35. Revised Financial Statistics for the Province of Newfoundland prepared by Mr. J. C. Thompson, February, 1958, 16 pages. Presented by counsel for the Government of Newfoundland.

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Report, under the Terms of Union of Newfoundland with Canada; May 31, 1958.

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